# Unemployment Insurance Review

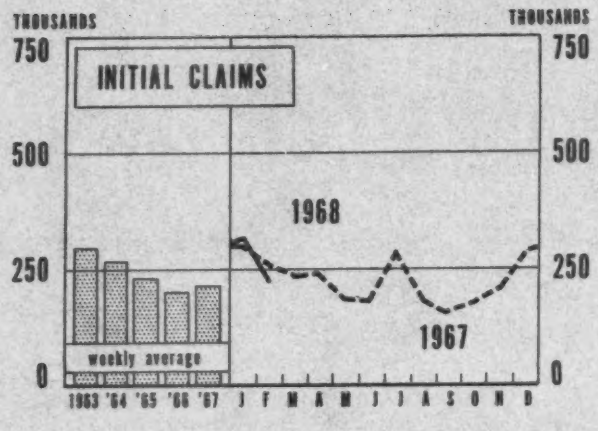
May 1968

*In this issue*

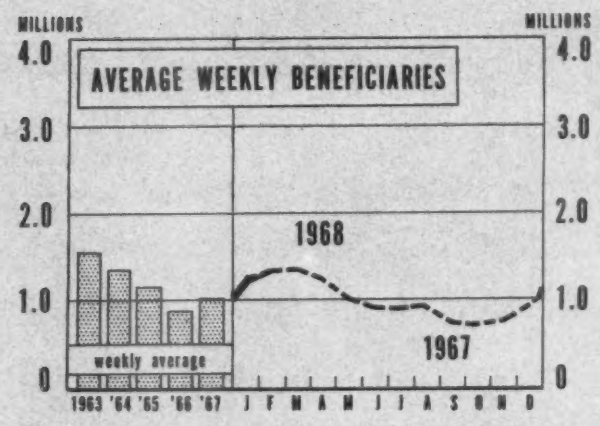
- UI Services to San Francisco's Chinatown
- Interstate Impact of UI Taxes on Plant Location Decisions
- Issues Reflected in Recent Appeals Decisions: A Claimant's Physical and Mental Ability To Work

UNITED STATES DEPARTMENT OF LABOR
Manpower Administration

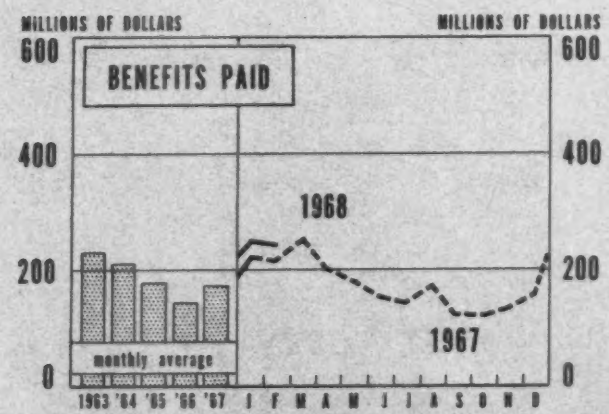
# UNEMPLOYMENT INSURANCE ACTIVITIES
## UNDER STATE PROGRAMS




Initial claims filed by jobless workers under State programs averaged 227,100 per week in February, compared with 315,700 in January and 266,900 in February 1967. The more than seasonal decline this February brought initial claims to the lowest level for the month since 1953.




The number of beneficiaries under regular State unemployment insurance programs averaged 1,373,500 per week in February, compared with 1,316,900 in January and 1,349,500 in February 1967.




A total of $243.7 million was paid in benefits to insured jobless workers under regular State unemployment insurance programs in February—a decrease of $4.8 million from January, but $24.2 million above February 1967.

# Unemployment Insurance Review

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U.S. DEPARTMENT OF LABOR
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The heart of San Francisco's Chinatown.

# UI Services to San Francisco's Chinatown

George Croda

**In the heart of San Francisco** lies a picturesque Chinese community—which, with the exception of Hong Kong, is the largest outside of China.

Only a few steps from the downtown shopping center or from San Francisco's famed Montgomery Street, the "Wall Street of the Pacific," the visitor finds himself in the hustle and bustle of narrow streets reminiscent of Hong Kong, complete with oriental-style buildings, street lighting, theaters, and entertainment. Newspapers printed in Chinese are sold on the streets, and there is a mixed atmosphere of persons in native Chinese dress along with fascinated tourists crowding the narrow sidewalks leading down Grant Avenue, Chinatown's main throughfare.

### Mixture of Old and New

The story of the development of San Francisco's Chinese community is deeply interwoven in the history of California, and many tales of adventure, now part of contemporary literature, recite the contribution the Chinese have made to the growth and progress of California and particularly of San Francisco.

In today's San Francisco Chinatown business and industry are a complex mixture of the old and the new. While there are many professionals among the modern generation of Chinese-Americans, one still finds the herb doctor practicing the medicine of traditional China, and bankers, merchants, and accountants still using the abacus. Industrial organization and manufacturing methods also illustrate the mixture of the traditional and the modern. In a typical establishment outfitted with today's machines and operating under collective bargaining agreements, you will find informal working conditions which permit women workers to bring their well-behaved and disciplined children to play about the shop while the mother works. Another example of the mixture of old with the new will find young enterprising businessmen having Chinese music piped into the working areas of their shops.

Immigration in recent years from the crown colony of Hong Kong has been increased by more liberal quotas. This influx of new residents has not lessened the traditional oriental caution in dealing with members of the Caucasian race, particularly in their contacts with government agencies. This is true in spite of the fact the Chinese are outstanding in their zeal for education, property acquisition, enterprise, and good citizenship.

Businesses are, of course, licensed, registered, and subject to all local, State, and Federal regulations, and compliance is respectfully and sincerely

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undertaken. Yet there are problems and, in particular, the California Department of Employment has been concerned with those problems affecting the administration of the unemployment insurance programs.

Many of the agency's contacts with Chinatown business and the Chinese community are centered around the service industries and especially among the large number of firms in the garment industry. The Chinese garment industry employs several thousand women, many of them fairly recent immigrants with little or no knowledge of English and with the traditional attitude toward Caucasians. A number of these recent immigrants have now become employers themselves, and have a limited knowledge of the many complex government regulations and requirements affecting business today. This limitation, coupled with their language handicap, and those of their employees, has affected unemployment insurance local office administrative, organization, and procedural methods.

### Problems to be Solved

The general garment industry in San Francisco includes 123 Chinese garment manufacturing firms operating in addition to 92 Caucasian firms. Many of the Chinese firms are subcontractors for the major firms doing work on predesigned and previously-cut lots of merchandise. On the other hand, a number of Chinese firms are complete garment factories operating from design to marketing. There is no particular type of garment identified with the Chinese garment operators. Their work includes everything from women's expensive evening gowns to work clothing.

Some of the characteristics of the Chinese garment industry are similar to those prevailing in the general garment industry in San Francisco. For example, many of the workers do not always have full-time employment. For any week in which a worker earns less than the weekly unemployment benefit amount established for that particular worker, partial benefits may be paid to supplement the reduced earnings. Benefits are payable to the individual upon presentation of a certificate jointly executed by the employer and the employee, reporting the weekly earnings and carrying the statement that the claimant would have been willing and able to work had full-time employment been available. These certificates may be presented in person for immediate payment under California's local office cash payment system or may be submitted by mail. The mail system is considerably more costly in that it requires special handling and the processing of a check by the agency's central office. Because of this process, receipt of benefits is delayed approximately 10 days. Although most workers need and want their money immediately, the Chinese claimants have preferred

A typical garment factory in Chinatown visited by Hong (Frank) Lum of the California Department of Employment to improve relationships with employers.

that their claims be handled by mail rather than in person.

California's system for payment of partial weekly benefits encourages continuity of the employer-employee relationship. Applicants for partial benefits are not required to seek other employment unless there is complete unemployment for 2 consecutive weeks and no fixed date of return to work within a reasonable period. The local office, seeking to minimize the costliness of this substantial claim load, over the years had been unsuccessful in trying to break the traditional methods used by the Chinese for collecting benefits. Intermittent reviews and sampling of these claims indicated clues to the misunderstandings on the part of both employers and claimants. Yet the agency's attempts at clarification only ended in frustration. While the concern was not necessarily to detect fraud, there was local office apprehension that because of these misunderstandings some improper benefits were being paid. Further, the employers, in attempts to limit their costs of executing weekly benefit certifications, would issue certifications in groups of multiple weeks, thus increasing local office processing costs. Part of the multiple week certification problem can be attributed to characteristics peculiar to the Chinese garment workers. Handicapped by language, shyness, and dependence on a spokesman, the women workers usually travel in groups of 15 to 30 persons. As these groups take time to organize and arrange, each group limits itself to local office visits only when considered necessary and most productive. These groups totally ignore the agency's reporting schedules and instructions, which complicates procedures even further.

### Solution to the Problems

Early in 1966 the San Francisco office decided to study the Chinese garment industry and attempt once again to get to the roots of the problems. When the problems were isolated, sampled, and evaluated, it became clear that solutions lay in an education program to bring about strict compliance with the law and to secure better relations with the industry and the community.

In July of 1966 a special examination was scheduled for Chinese-speaking interviewers. Grassroots recruitment was undertaken to obtain applicants who were really members of the community. Eventually 30 applicants were persuaded to take the examination, which required conversational fluency in Chinese and English. Although 10 candidates were qualified, only three, two women and one man, were ready to accept the jobs. They were appointed and their training began.

The new employees were trained in all phases of unemployment insurance and a claims window where Chinese was spoken was established. Thus a small trickle of claimants from the Chinese community was encouraged to come to this window to have their claims handled in person; heretofore

they had been reluctant or afraid to do this. By November of 1966 the local office was invited to conduct an unemployment insurance educational program in Chinese at the Chinese Adult Education School.

### Information Program Started

Garment industry employers were sent special notices informing them of the rules affecting the issuance of unemployment insurance partial payment certificates and advising them that strict compliance would be required. We invited them to contact the local office in person or by telephone for assistance or for answers to their questions. Needless to say, the great bulk of questions came in by telephone, often without identification. Certificates not properly completed were returned to claimants, who were requested to correct and return them, preferably in person. The usual response was by telephone from the employer, surrounded by a group of chattering women standing behind him as he telephoned, deluging him with certificates and pleading for help. Advised of the discrepancy the employer was invited to come in and talk it over and to bring his records. This he did, and of course, accompanied by the chattering women. What was accomplished? We communicated, clarified problems, and demonstrated to the women how easy it was to deal with us in person and convinced them we had their interests at heart.

In instances clearly diagnosed as employer problems, a Chinese interviewer would call the employer by telephone, and if necessary, invite him to the office where friendly relations were established.

### Planned Field Visits

We then entered upon the next phase of our campaign to make friends in Chinatown's garment industry by starting a program of planned field visits. Hong Lum, one of the agency's new Chinese-speaking interviewers who is known to the staff as Frank, made the initial visits in June of 1967, accompanied by Mrs. Grace Harrison, local office supervisor. The encouraging results of this first day in the field convinced us we were on the right track and had selected the right man for the job. Frank Lum, a former businessman and Chinese Benevolent Society manager, experienced

**The special claims window for Chinese-speaking claimants. Bilingual sign reads: "Chinese Spoken Here."**

Frank Lum pauses to inspect some of the fine work on a gown displayed by one of the area's employers.

in community-relations, has been carrying on an effective education and information program in the field. Obtaining valuable job market and other employer information is a bonus feature of these visits. At this writing, Frank had visited 44 employers in the first 10 weeks of the program.

### Bilingual Institute

A third phase of the campaign is a planned employer bilingual institute to be held during the evening on 2 successive weeks.

Even though we have Chinese-speaking interviewers, claimants still approach them with caution and insist at times on bringing their own Chinese interpreter or representative; they consider the agency's Chinese interviewers part of "the System."

One incident further illustrates this caution. One day while on employer visits, one of our Chinese interviewers called on a firm that had been sold to another owner. We had no knowledge of this. When inquiry was made regarding the person we were looking for, communication stopped. Eventually one employee volunteered that the shop had been sold, but no one would reveal the current owner's name. After considerable conversation, it was learned that the previous employer had another shop across the street. That employer, when contacted, of course, immediately disclosed the identity of the new owner, who was visited later.

### Conclusion

Results during the transition have not been phenomenal, but encouraging progress is being made. Better unemployment insurance services to our Chinese claimants and employers have resulted from these person-to-person efforts. More needs to be done; and displaying the patience and persistence of our fellow citizens of oriental ancestry, we plan to promote mutual understanding and confidence through a continuing program of visits to employers, institutes for employers and workers, and speaking engagements in the Chinese language at adult schools and service clubs.

# Interstate Impact of UI Taxes on Plant Location Decisions

Paschal C. Zecca

**To what extent,** if any, does interstate competition in unemployment insurance taxes influence business decisions to locate plants or to expand and contract industries in particular States? References to this interstate competitive aspect of unemployment insurance appear often in the testimony at congressional hearings and in studies and books on unemployment insurance (*1*, *2*, *3*, *4*, and *5*). The material, on the whole, is fragmentary and cursory. The argument of interstate competition was effectively used to defeat State action on UI laws before passage of the Social Security Act in 1935. According to Edwin E. Witte:

> * * * a far more important obstacle to attaining unemployment insurance through state action was the argument that any state which enacted an unemployment compensation law thereby handicapped its employers in interstate markets by burdening them with costs their competitors in other states were not required to meet. It was this argument which everywhere defeated the unemployment insurance bills despite their endorsements, and which came very close to bringing about the repeal of the one law which had been put upon the statute books.[1]

Over 30 years later the argument of interstate competition still persists. The testimony before congressional committees has not been conclusive; the position taken by employers' associations has not been consistent. In recent congressional testimony, for example, the spokesman for the Employers' Unemployment Compensation Council of Michigan (Colin L. Smith) accepts the thesis of interstate competition, while the representative of 65 Texas trade associations (John Post) discusses "the fallacy of interstate competition" (*2*). Dr. Richard A. Lester's observations in his recent testimony before the House Ways and Means Committee (*2*) are cogent:

> The argument of interstate competition for industrial business which has been used effectively to keep the maximum benefits in most States increasingly below wage levels in covered employment is very effective. I know this from having spent 10 years as chairman of the New Jersey Employment Security Council.
>
> Our employers, and rightly so, repeatedly came in and said, "We can't do this because, look what is happening in the other States. New Jersey will lose industry." Even if the cost was not as significant as might be implied, they said, "This is an indication of the political and economic climate in this State, over against the climate in other States."

The voluminous congressional hearings, however, do not provide substantive information on this problem; rather they contain a good deal of speculation.

Some clarification of the general nature of the problem of interstate competition in unemployment insurance needs to be made at this point since the problem as posed in Witte's statement no longer exists; State action is now *fait accompli*. Professor Lester's testimony, on the other hand, directs attention to the locational aspects of the problem.

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[1] Edwin E. Witte, "Development of Unemployment Compensation," *Yale Law Journal*, vol. LV, No. 1 (December 1945), p. 28.

Aren't there situations, one might ask, where industries are competitively disadvantaged because of differentials in unemployment insurance taxes, while no relocation of industry necessarily results?

The problem of interstate competition in unemployment insurance may be formulated in the following way. Interstate differentials in the general level of unemployment insurance taxes have competitive implications for a firm's interstate product markets because of impact of the tax on costs. A higher average unemployment insurance tax rate in a State puts its firms, it is alleged, at a competitive disadvantage with firms in an adjoining State with a lower average tax rate. Although this is not precisely the problem with which this analysis is concerned, some further discussion of this point is required.

Any price or cost differential affects revenue. Whenever the argument of competition in unemployment insurance is raised, therefore, one cannot reasonably deny the existence of an economic impact. What is the nature of the impact? There are many differentials among plant sites, not only interstate but also intrastate. This is a fundamental economic fact that throws considerable doubt that the problem can be stated without any degree of validity in terms of *one* out of the manifold items in the cost side of the picture. Significant variations, too, in the many items that go to make up *total* taxes, exist among firms even within the same locality. These give rise to significant cost differentials which do affect each firm's competitive position and policy.

If unemployment insurance taxes have the implications of interstate competition in the general terms just presented, it would be manifested in plant location decisions. It would therefore be appropriate to determine the effect of unemployment insurance taxes on plant location decisions, which is the objective of this analysis.

Before attempting to analyze the problem of UI taxes and interstate competition, it is necessary to indicate the work that has already been done in the field, which in its broadest aspect may be characterized as "the economics of plant location." The literature on plant location decisions covers a broad area. This article reflects neither a comprehensive canvass of the available material, nor a preliminary and cursory examination only; instead it seeks to encompass an area somewhere between these two extremes. First of all, there is considerable literature on location theory. While these studies have little direct utility in the problem of interstate competition of UI taxes, they do furnish insights into essential economic considerations involved in plant location decisions.

The earliest attempts to construct a general location theory originated with two German writers, Johann Heinrich von Thünen and Alfred Weber, near the close of the 19th century and at the beginning of the 20th (*6*, pp. 3–22 and *7*, pp. 24–54). Their theories have embraced the total spatial array of economic activities. The influence of von Thünen and Weber has continued to present-day location theory. Well-known contemporary theorists include Melvin L. Greenhut (*6*), Walter Isard (*7*), and Edgar M. Hoover (*8*).

Many studies of plant location based upon the empirical approach have also been undertaken. It is within the framework of these studies, in the main, that the source of some meaningful answers regarding interstate competition in unemployment insurance taxes might be found. The most significant reports are cited in this analysis. In addition, data on State differentials in unemployment insurance taxes will be analyzed.

## Location Factors

The decision-making process in plant location is a complex of many factors, both economic and noneconomic. The factors cited in one report (*9*, pp. 4–5), for example, are as follows: Proximity to market area, proximity to materials, transportation facilities, trained labor, community attitudes, central location to auxiliary industries and services, living costs and conditions, cultural and educational facilities, banking or financing accommodations, union atmosphere, utilities and rates, competition, climate and topography, State laws and regulations, State and local tax structures, availability of plant sites and buildings, and personal reasons.

The Department of Commerce mentions 13 basic locating factors for certain industries (*10*, p. 16): location of production materials, labor, sites, industrial fuel, transportation facilities, markets, distribution facilities, power, water, living conditions, laws and regulations, tax structure, and climate. These factors represent broad categories, each of which involve many individual items to be considered.

A clearer indication of the complexity of plant location decisions can be obtained from the work of Leonard C. Yaseen (*11*) of the Fantus Factory



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Locating Service. In his recent book he discusses the factors that must be considered in locating a plant. His analysis embraces not only the tangible factors (for example, the labor requirements, the power, fuel, and water costs of various areas, and the effect of State taxes and laws) but also the intangibles, which include the administration of the community and community attitudes (in other words, the climate of the community).

A rationale for the significance of the intangible location factors was stated in a survey study (*9*, p. 11):

> One point became obvious through the interview; there is an increasing emphasis on intangibles. Where economic and technical factors are equal, community environment and civic attitude become the decisive factors. The local firms feel that a given community must be a desirable place for the employees of those firms to live. This attention to community environment and services stems from a conviction that living conditions and community amenities increase the productivity of employees and reduce employee turnover.

Some location factors may be even characterized quite precisely as personal. In some cases, "the specific location decision may not be based on purely 'economic' considerations but may be determined by personal consideration" (*12*, p. 81), such as the personal relationship of the firm with the banker that could afford opportunities for bank loans, valuable business connections of the firm in the particular location, and so on. Greenhut considers personal factors as being cost-reducing or revenue-increasing to some extent (*6*, p. 165). His own survey of eight small firms in Alabama indicates personal consideration as the principal location reason in five of the cases and a secondary factor in a sixth case. One example given of the personal factor was the owner of the firm in his personal contacts who was assured of general availability of loan capital, and/or materials, and/or greater amounts of sales.

In a larger study of 106 new manufacturing firms selected by geographic areas, industry groups, and status (new firms, branch plants, and relocations) established in New England during the immediate postwar period, personal considerations, along with market considerations, and production and managerial relationships, were the principal reasons why these firms located in New England. In particular, the regional decisions of new firms were based primarily on personal considerations (*14*, p. 8).

One study indicates that the owner's personal preferences operate to a larger degree among smaller firms in location decisions (*13*, pp. 207 and 209):

> According to manufacturers' explanations, personal considerations and historical accident play a much greater role in the location of factories of smaller firms than in the location of factories which are part of large multiplant firms. In studying the interviews, one obtains the distinct impression that more careful cost and market calculations are made by larger than by smaller firms. It also seems that attempts to evaluate not only current costs and market factors but also future trends are more common among larger than among smaller firms.

Insofar as economic processes involve human behavior, the motivational patterns of individuals involve subjective considerations as well as what may be termed rigidity of behavior. In his book, *Psychological Analysis of Economic Behavior*, George Katona (*14*) makes significant observations on these matters. Analysis of the factors that affect plant decisions should take into account Katona's concept of habitual behavior pattern as contrasted with the concept of national behavior, involving the weighing of different alternatives on an objective basis.

For plant location purposes, industries may be classified into labor-oriented, market-oriented, or material-oriented groups, depending upon the relative importance of the particular factor to the industry. However, regardless of which category a business may fall into, the location factors are manifold and may be characterized as economic, legal, and social.

This general consideration of location factors must also include the role that State and local governments play in location decisions. These governmental bodies have accelerated their efforts to influence outside industry to locate in their areas. In addition to the traditional methods of attracting industries, such as advertising, preparation of brochures, public relations campaign, special tax treatment, and so forth, special financing arrangements are provided (*15*, pp. 11–12 and *16*). The difficulty of determining the role played by these governmental units (as well as by other local development groups) in the decision of plant locations has been indicated in some reports (*17*). Even though these special inducements may not be the determining factor in the first stages of the decision, they may well be the deciding one in the final choice.

## Plant Location Surveys

Many location surveys have been made. These serve to determine the relative importance of the major influences on plant location. Practically all of these studies are empirical surveys based on either the questionnaire type or the interview case study type. Only one study (*18*) is limited to the problem of unemployment insurance taxes and interstate competition. This study involves comparisons of tax costs of hypothetical corporations. Although the findings are suggestive and subject to many qualifications, one of the general conclusions of the report (that the UI tax is relatively unimportant in plant location decisions) appears to rest on valid assumptions. This study analyzes the impact of interstate differentials in unemployment insurance costs among four States—Michigan, Indiana, Ohio, and Wisconsin—based on a hypothetical ABC Corporation operating under the Michigan law prior to the 1963 recession. The conclusion reached with regard to the effect interstate unemployment insurance tax differentials have in decisions for plant locations was that "by themselves, the interstate differentials in unemployment insurance taxes * * * do not seem to bulk large enough in the overall cost picture to justify a prominent part in any plant location decision" (p. 37). A general conclusion drawn was that interstate savings in unemployment insurance taxes to a firm "would be among the last to be stressed in view of the larger potential savings that might be achieved in other, more substantial areas of operating costs" (p. 33).

Another study, "Should Industry Move South?" (*19*) deals with the issue of UI taxes in a cursory way. In referring to two tax studies, which exclude unemployment compensation, the author of this study states that unemployment insurance tax differentials "allegedly favorable to the South, have been the subject of heated discussion in some northern areas," but that the "South's traditionally favorable position loses some of its margin under closer investigation" (pp. 87–88). The author compares the unemployment insurance average employer contribution rate in various States during 1949 and indicates that four of the five lowest rates are in the highly industrialized northern States and six of the 10 lowest rates are in the northern States. He concludes:

> Of course, these unemployment tax figures reflect average rates for all employers in each State; the effective tax rate for individual concerns could differ from the averages in accordance with actual experience under merit-rating programs (p. 88).

Taxes are considered relatively unimportant in their effect in plant location decisions in quite a few studies. Although studies directed specifically at the economic aspects of interstate differentials in unemplomeent insurance taxes are practically nonexistent, the gap is not so serious since all studies and surveys on plant location have dealt with the matter of taxes as a whole and these findings can be applied to the problem of this report. In a study devoted exclusively to the factor of taxes on plant location, Joe Summers Floyd, Jr. (*20*) points to the difficulty of ranking plantsites on the basis of their relative tax advantages for industry in general. In his theoretical analysis he indicates that taxes are generally not a factor in determining the location of certain market- and certain resource-oriented industries; in other industries, tax factors may become highly important. The conclusion reached is "that all broad generalizations concerning the supposed effect of tax differentials on the choice of plantsites should be treated with suspicion" (p. vii). Other studies indicate: "taxation is a minor factor in plant location" (*6*, p. 137); taxes are a secondary factor, its influence being exerted "only after the manufacturer is satisfied that his major location factor can be found in the area" (*21*, p. 117); "the tax structure does not appear to carry the importance in plant location decisions that one might assume from current discussions" (*22*, p. 175); taxes did not bulk large in location decisions of 92 different business endeavors in Long Island, New York (*23*); "* * * the effect of taxes on industrial location has undoubtedly been greatly exaggerated particularly with reference to industrial shifts. The importance of any factor in location will vary markedly from industry to industry, but for the most types of manufacturing other considerations will far outweigh potential savings through tax differentials" (*24*, p. 26).

In a study of 545 Ohio manufacturing companies (*25*) employing 25 or more workers at the time of the survey, only eight firms mentioned the Ohio tax structure as a factor (it ranked 14th in the list of 18 factors). Of these eight firms only three considered it as a primary importance. The

study points out that its findings on taxes paralleled those in studies undertaken since 1950, by research groups in Michigan, Pennsylvania, New York, Iowa, and Massachusetts. A summary statement of these findings is that "rarely are State or local taxes a compelling factor in attracting industry to a State, or in influencing its decisions to leave. As between State and local taxes, it is the latter which tends to be more critical" (p. 91). The study emphasized the difficulty in evaluating the effect of taxation on location of firms.

## Implications of Survey Results for UI Taxes

Consideration of the role of UI taxes in plant locations must of necessity be approached by considering other labor costs. These would include wage rates, productivity of labor, labor turnover, living costs, labor relations, and State labor laws (which include workmen's compensation, unemployment insurance, hours of work, minimum wage, and so forth) (*6*).

The difficulty of generalizing with regard to any particular State when considering the impact of its level of taxes on location decisions has been indicated in many surveys. When only one element of *total* taxes is pursued, namely unemployment insurance, the difficulty of giving it *any* significant weight in location decisions becomes quite clear. The contributions of the location studies that are relevant to the problem of this report are several.

1. *Interstate versus intrastate differentials.*—State comparisons of the tax load is of very limited validity when examining the intersite differentials for a specific plant or firm. There is enough evidence to indicate the existence of significantly large differentials within a State that could make statewide averaging quite misleading (*20* and *22*). Tax differentials of various kinds may exist between locations within individual States. It would not therefore be correct to say that a State offers uniformly high or uniformly low tax levels to all types of business.

2. *Difficulty of measuring intrastate tax differentials.*—Data are not available with sufficient reliability as to the differentials in taxes at different locations to permit a valid evaluation for location purposes. For example, a study by Harvey E. Brazer on "Taxation and Industrial Location in Michigan" (*20*, pp. 311–312) points out the limitation of one of the statistical measures that has been used:

> Taxes paid by business per nonagricultural employee * * * will include those taxes paid by retail and wholesale merchants, utilities, and construction and mining companies, all of which are of no immediate concern to the kind of firm that may be appreciably influenced by tax considerations in its location decision. Unfortunately, however, comparable data do not exist which would permit us to estimate the relative tax burden imposed by the various States on specific relevant segments of industry.

3. *Difficulty of statistical measurement.*—Even if clear evidence could be presented that firms will be subject to heavier taxes in some locations than in others, it would not necessarily follow that taxes exert a significant or even a measurable influence over the choice of plants. The locational effects of State-local taxes are not clear. This has been indicated in many of the location studies and surveys (*13*, *22*, and *24*). There is also the difficulty of measuring the advantages and disadvantages of a location choice in money terms.

## UI Taxes and Plant Location Decisions

It may be contended that, at least to some degree, the case against quantifying location factors in plant decision has been strongly put, and hence analysis of UI taxes as a factor may be a vain attempt at any meaningful answers since such taxes form only a small part of labor costs. The problem of UI taxes and interstate competition, however, involves the following considerations which need to be analyzed to the extent possible. These considerations bear directly on the issue of UI taxes and plant location decisions.

1. *Wide range in tax differential.*—One of the difficulties encountered in trying to compare UI tax rates which a firm might pay in different States is that there is a wide variation in the range of rates an individual firm may pay. Employers with dissimilar employment experience in different States may be assigned the same tax rate. Conversely, employers with similar experience may be assigned different tax rates. The principal reason for this seemingly anomalous situation is that an individual employer's tax rate is related not only to his own experience with unemployment, but also to the experience of all other employers in the State. An individual employer's tax rate, therefore, reflects not only the unemployment experience of his firm, it is also the result of the averaging or pooling together of the experience of all employers in the State.

The wide range in interstate differentials in

TABLE 1.—UNEMPLOYMENT INSURANCE TAX BASE AND EMPLOYER CONTRIBUTION RATES, BY STATE, 1966

| Geographic division and State | Tax base $3,000 except as indicated | Employer tax rates as percent of | | Range in employer tax rates (percent of taxable wages) [1] | |
|---|---|---|---|---|---|
| | | Taxable wages | Total wages | Minimum | Maximum |
| UNITED STATES | | 1. 91 | 1. 05 | | |
| *New England:* | | | | | |
| Maine | | 1. 47 | . 91 | 0. 5 | 2. 7 |
| New Hampshire | | 1. 21 | . 73 | . 15 | 3. 5 |
| Vermont | $3, 600 | 2. 87 | 1. 89 | 1. 1 | 4. 1 |
| Massachusetts | 3, 600 | 2. 53 | 1. 49 | 1. 1 | 3. 9 |
| Rhode Island | 3, 600 | 2. 27 | 1. 45 | 1. 8 | 3. 4 |
| Connecticut | | 2. 10 | 1. 03 | 1. 5 | 2. 7 |
| *Middle Atlantic:* | | | | | |
| New York | | 2. 55 | 1. 25 | 1. 4 | 3. 9 |
| New Jersey | | 2. 29 | 1. 12 | . 7 | 3. 9 |
| Pennsylvania | 3, 600 | 2. 75 | 1. 61 | 1. 0 | 4. 0 |
| *East North Central:* | | | | | |
| Ohio | | 2. 13 | 1. 02 | . 6 | 4. 7 |
| Indiana | | 1. 24 | . 63 | . 1 | 2. 9 |
| Illinois | | . 81 | . 39 | . 1 | 4. 0 |
| Michigan | 3, 600 | 2. 14 | 1. 12 | 0 | 5. 1 |
| Wisconsin | 3, 600 | 1. 51 | . 86 | 0 | 4. 4 |
| *West North Central:* | | | | | |
| Minnesota | 4, 800 | 1. 29 | . 88 | . 7 | 4. 5 |
| Iowa | | . 58 | . 31 | 0 | 3. 0 |
| Missouri | | 1. 31 | . 68 | 0 | 3. 6 |
| North Dakota | | 2. 20 | 1. 29 | 1. 1 | 7. 0 |
| South Dakota | | . 86 | . 51 | 0 | 3. 6 |
| Nebraska | | . 95 | . 54 | . 1 | 2. 7 |
| Kansas | | 1. 43 | . 79 | 0 | 2. 7 |
| *South Atlantic:* | | | | | |
| Delaware | 3, 600 | 1. 05 | . 56 | . 1 | 3. 0 |
| Maryland | | 1. 77 | . 95 | . 5 | 3. 5 |
| District of Columbia | | . 98 | . 50 | . 1 | 2. 7 |
| Virginia | | . 69 | . 41 | . 1 | 2. 7 |
| West Virginia | 3, 600 | 1. 36 | . 81 | 0 | 2. 7 |
| North Carolina | | 1. 28 | . 82 | . 3 | 4. 7 |
| South Carolina | | 1. 33 | . 85 | . 6 | 4. 1 |
| Georgia | | 1. 19 | . 71 | . 25 | 4. 2 |
| Florida | | . 89 | . 52 | . 02 | 4. 5 |
| *East South Central:* | | | | | |
| Kentucky | | 1. 39 | . 81 | 0 | 3. 7 |
| Tennessee | 3, 300 | 1. 71 | 1. 08 | . 50 | 4. 0 |
| Alabama | | 1. 17 | . 68 | . 5 | 2. 7 |
| Mississippi | | 1. 28 | . 84 | . 3 | 2. 7 |
| *West South Central:* | | | | | |
| Arkansas | | 1. 59 | 1. 06 | . 5 | 4. 0 |
| Louisiana | | 1. 73 | . 97 | . 9 | 2. 7 |
| Oklahoma | | 1. 13 | . 63 | . 2 | 2. 7 |
| Texas | | . 84 | . 47 | . 1 | 2. 7 |
| *Mountain:* | | | | | |
| Montana | | 1. 50 | . 89 | . 5 | 2. 7 |
| Idaho | 3, 600 | 1. 99 | 1. 31 | . 7 | 4. 3 |
| Wyoming | | 2. 04 | 1. 22 | . 6 | 3. 2 |
| Colorado | | 1. 19 | . 64 | 0 | 2. 7 |
| New Mexico | | 1. 29 | . 75 | . 1 | 3. 0 |
| Arizona | 3, 600 | 1. 48 | . 90 | . 2 | 2. 7 |
| Utah | 4, 200 | 1. 49 | . 99 | 1. 1 | 2. 7 |
| Nevada | 3, 800 | 1. 97 | 1. 24 | . 6 | 2. 7 |
| *Pacific:* | | | | | |
| Washington | | 2. 40 | 1. 24 | 2. 28 | 2. 7 |
| Oregon | 3, 600 | 1. 95 | 1. 20 | 1. 2 | 2. 7 |
| California | 4, 100 | 2. 87 | 1. 75 | 1. 6 | 3. 7 |
| Alaska | 7, 200 | 2. 84 | 2. 21 | 1. 5 | 4. 0 |
| Hawaii | 4, 300 | 1. 72 | 1. 20 | . 7 | 3. 0 |
| Puerto Rico | | 2. 71 | 2. 12 | 2. 7 | 3. 1 |

[1] Represents minimum and maximum rates assigned to employers during 1966. In States where tax schedule was changed during year, the figures shown represent the lowest and highest rates under either schedule.

unemployment insurance tax rates is quite evident (table 1). In 1966, the average tax rate (taken as a percent of *total* wages) ranged from 0.31 percent (Iowa) to 2.21 percent (Alaska)—a sevenfold spread. The national rate was 1.05 percent. As shown in table 2, the average in nine States was at least 20 percent above the national average, and in five States it was at least 50 percent. Taking the lower end of the range in average tax rates, in 15 States the average was less than 70 percent of the national average, and in nine States it was less than 60 percent of the average. Similar differentials have existed over the years, although not necessarily involving the same States. As already indicated, the range in employer contribution rates within a State varies widely, and this is also shown in table 1.

A comparative analysis of average contribution rates by State would not lead to fruitful results in determining, apart from the more direct question of industry location preference, whether one State is more favorable than another State with respect to UI taxes, unless the data are classified by size of firm and industry.

Interstate differentials in UI taxes bear a direct relationship to the costs of the program. But to quantify these differentials in terms of the impact on interstate competition, aside from the problem of their relative importance (or unimportance) in the overall tax structure or as to other location factors, is rather difficult. A State with relatively high UI taxes may reflect the kind of program that contributes to the stability of the State's economy. It can be said *a priori* that employers are willing to pay higher UI taxes if that assures them an efficient work force. For example, the position taken that some States restrict or do not provide benefits to the seasonally unemployed because the resulting higher tax rates will place the seasonal industries at a disadvantage is not always true.

TABLE 2.—DIFFERENTIALS IN AVERAGE EMPLOYER CONTRIBUTION RATES,[1] BY STATE, FOR SELECTED YEARS

| State | State average contribution rate as a percent of national average | | | |
|---|---|---|---|---|
| | 1966 | 1963 | 1960 | 1957 |
| Iowa | 30 | 34 | 33 | 56 |
| Illinois | 37 | 80 | 100 | 72 |
| Virginia | 39 | 59 | 51 | 45 |
| Texas | 45 | 40 | 49 | 49 |
| District of Columbia | 48 | 37 | 44 | 54 |
| South Dakota | 49 | 53 | 47 | 81 |
| Florida | 50 | 66 | 67 | 55 |
| Nebraska | 51 | 58 | 59 | 78 |
| Delaware | 53 | 101 | 129 | 51 |
| Indiana | 60 | 51 | 63 | 76 |
| Oklahoma | 60 | 83 | 66 | 76 |
| Colorado | 61 | 57 | 29 | 53 |
| Alabama | 65 | 94 | 69 | 87 |
| Missouri | 65 | 61 | 55 | 76 |
| Georgia | 68 | 66 | 82 | 107 |
| New Hampshire | 70 | 78 | 100 | 139 |
| New Mexico | 71 | 60 | 70 | 95 |
| Kansas | 75 | 55 | 58 | 86 |
| Kentucky | 77 | 93 | 125 | 168 |
| West Virginia | 77 | 130 | 142 | 86 |
| North Carolina | 78 | 84 | 101 | 133 |
| Mississippi | 80 | 124 | 126 | 153 |
| South Carolina | 81 | 75 | 73 | 109 |
| Wisconsin | 82 | 63 | 72 | 82 |
| Minnesota | 84 | 58 | 58 | 65 |
| Montana | 85 | 72 | 129 | 102 |
| Arizona | 86 | 66 | 72 | 107 |
| Maine | 87 | 105 | 100 | 140 |
| Maryland | 90 | 138 | 145 | 80 |
| Louisiana | 92 | 87 | 86 | 115 |
| Utah | 94 | 84 | 78 | 104 |
| Ohio | 97 | 82 | 73 | 52 |
| Connecticut | 98 | 84 | 106 | 89 |
| U.S. AVERAGE | 100 | 100 | 100 | 100 |
| Arkansas | 101 | 78 | 83 | 105 |
| Tennessee | 103 | 88 | 100 | 146 |
| Michigan | 107 | 124 | 135 | 141 |
| New Jersey | 107 | 96 | 110 | 127 |
| Hawaii | 114 | 90 | 70 | 88 |
| Oregon | 114 | 139 | 172 | 128 |
| Wyoming | 116 | 133 | 75 | 93 |
| Nevada | 118 | 132 | 133 | 175 |
| Washington | 118 | 110 | 140 | 165 |
| New York | 119 | 129 | 112 | 128 |
| North Dakota | 123 | 116 | 117 | 127 |
| Idaho | 125 | 113 | 197 | 112 |
| Rhode Island | 138 | 140 | 123 | 247 |
| Massachusetts | 142 | 120 | 101 | 122 |
| Pennsylvania | 153 | 134 | 156 | 116 |
| California | 167 | 142 | 111 | 100 |
| Vermont | 180 | 84 | 77 | 115 |
| Puerto Rico | 202 | 169 | (2) | (2) |
| Alaska | 210 | 178 | 216 | 239 |

[1] Employer contributions as a percent of *total* wages.
[2] Puerto Rico not covered under Federal Unemployment Tax Act prior to January 1, 1961.

TABLE 3.—DISTRIBUTION OF FRINGE PAYMENTS, 1961, 1963, AND 1965

| Type of payment | 1965 | | | 1963 | | | 1961 | | |
|---|---|---|---|---|---|---|---|---|---|
| | As a percent of payroll | Cents per payroll hour | Dollars per year per employee | As a percent of payroll | Cents per payroll hour | Dollars per year per employee | As a percent of payroll | Cents per payroll hour | Dollars per year per employee |
| Total fringe payments | 24.7 | 71.5 | 1,502 | 25.6 | 68.8 | 1,431 | 24.9 | 61.6 | 1,254 |
| Total employee insurance payments | 11.7 | 33.9 | 711 | 12.5 | 33.7 | 698 | 12.1 | 29.8 | 607 |
| Unemployment insurance | 1.4 | 3.9 | 82 | 1.7 | 4.6 | 95 | 1.5 | 3.7 | 76 |
| Other | 10.3 | 30.0 | 629 | 10.8 | 29.1 | 603 | 10.6 | 26.1 | 531 |
| Other fringe payments | 13.0 | 37.6 | 791 | 13.1 | 35.1 | 733 | 12.8 | 31.8 | 647 |
| | Percentage distribution | | | | | | | | |
| Total fringe payments | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Total employee insurance payments | 47.4 | 47.4 | 47.3 | 48.8 | 49.0 | 48.8 | 48.6 | 48.4 | 48.4 |
| Unemployment insurance | 5.7 | 5.5 | 5.5 | 6.6 | 6.7 | 6.6 | 6.0 | 6.0 | 6.1 |
| Other | 41.7 | 42.0 | 41.9 | 42.2 | 42.3 | 42.1 | 42.6 | 42.4 | 42.3 |
| Other fringe payments | 52.6 | 52.6 | 52.7 | 51.2 | 51.0 | 51.2 | 51.4 | 51.6 | 51.6 |

Source: Chamber of Commerce of the United States, *Fringe Benefits* (1961, 1963 and 1965).

A State program with liberal benefits may be an attraction to firms requiring an available labor force if they are in seasonal industries or have periodic shutdowns. A stable labor force and a good labor climate are accepted norms of employers.

2. *The relative tax burden of unemployment insurance.*—Even though there is difficulty in assigning a specific weight to any factor in plant location decisions, it is manifestly clear that the UI tax burden is not relatively large when compared to other costs. This is indicated in the data presented in table 3. The 1965 biennial survey conducted by the U.S. Chamber of Commerce, covering 1,150 companies, shows that the UI taxes of these firms averaged 3.9 cents per payroll hour, or 1.4 percent of total payrolls, and accounted for an outlay of $82 per employee per year. These compare with the costs for total employee insurance payments of 33.9 cents per payroll hour, 11.7 percent of total payrolls, or $711 per employee per year. Thus, UI costs in 1965 accounted for about one-eighth of the total cost of employee benefits in these companies. When UI taxes are related to total fringe payments of any of the three bases (percent of total payroll, cents per payroll hour, and dollar amount per employee per year), they represent less than 6 percent. (See table 4 for these data by industry.) As small as these proportions are, they would be reduced to insignificant figures when the employer's total labor cost is used as the basis of comparison. Cost items of these magnitudes could hardly have any measurable influence on location decisions.

3. *UI taxes as a part of labor costs.*—The significance of UI taxes on plant location evaluated within the framework of labor costs involves a number of points. As already indicated, an industry may be market-oriented, material-oriented, or labor-oriented, depending upon whether the emphasis is, respectively, on nearness to its own markets, nearness to source of material, or labor costs. The location factors assume varying degrees of importance according to the type of industry. In a market- or material-oriented industry, it would be untenable to state that UI taxes could be considered a significant factor, because the evaluation of the factors in the location decision would be in terms of specific industry requirements as defined, that is, materials or markets. In these groups of industries, factors like the availability of raw materials, the existence of special transport facilities or advantages, and the supply of certain types of labor, and so forth, would be of paramount importance. This is not to say, of course, that such incentives as subsidies and tax concessions may not influence location choice of these industries. The influence of unemployment taxes as a significant factor would operate, if at all, in labor-oriented industries. The significance of UI taxes in industries where labor costs bulk large may be examined within the context of *total* taxes, since empirical studies have shed some light in this area.

The variables to be faced in determining the effect of UI taxes on the location of industry are so many, even within the limited area of *total*

TABLE 4.—TOTAL FRINGE PAYMENTS AND UNEMPLOYMENT INSURANCE TAXES, BY INDUSTRY GROUPS, 1965

| Industry group | As a percent of payroll | | Cents per payroll hour | | Dollars per year per employee | |
|---|---|---|---|---|---|---|
| | Total fringe payments | Unemployment insurance taxes | Total fringe payments | Unemployment insurance taxes | Total fringe payments | Unemployment insurance taxes |
| All industries, total | 24.7 | 1.4 | 71.5 | 3.9 | 1,502 | 82 |
| Manufacturing | 23.6 | 1.5 | 67.6 | 4.3 | 1,437 | 93 |
| Food, beverage, and tobacco | 27.3 | 1.6 | 77.9 | 4.5 | 1,620 | 94 |
| Textile products and apparel | 18.9 | 2.0 | 38.7 | 4.1 | 839 | 89 |
| Pulp, paper, lumber and furniture | 20.4 | 1.3 | 57.2 | 3.6 | 1,245 | 78 |
| Printing and publishing | 21.1 | 1.3 | 68.3 | 4.3 | 1,358 | 84 |
| Chemicals and allied products | 27.4 | 1.3 | 79.9 | 3.7 | 1,692 | 80 |
| Petroleum industry | 28.0 | .7 | 99.7 | 2.5 | 2,143 | 53 |
| Rubber, leather, and plastic products | 25.2 | 1.9 | 65.8 | 5.0 | 1,358 | 103 |
| Stone, clay, and glass products | 23.2 | 1.7 | 65.3 | 4.7 | 1,377 | 101 |
| Primary metal industries | 25.0 | 1.7 | 77.2 | 5.4 | 1,656 | 118 |
| Fabricated metal products (excluding machinery and transportation equipment) | 22.9 | 1.5 | 65.7 | 4.3 | 1,404 | 93 |
| Machinery (excluding electrical) | 24.1 | 1.2 | 72.6 | 3.6 | 1,553 | 78 |
| Electrical machinery, equipment, and supplies | 23.7 | 1.7 | 63.1 | 4.6 | 1,348 | 98 |
| Transportation equipment | 23.1 | 1.6 | 70.1 | 4.7 | 1,523 | 104 |
| Instruments and miscellaneous manufacturing industries | 23.8 | 1.8 | 63.8 | 4.7 | 1,364 | 101 |
| Nonmanufacturing | 26.9 | 1.0 | 79.0 | 3.1 | 1,618 | 63 |
| Public utilities (electric, gas, water, telephone, etc.) | 26.9 | .8 | 86.2 | 2.5 | 1,825 | 53 |
| Department stores | 23.1 | 1.8 | 46.6 | 3.7 | 961 | 76 |
| Trade (wholesale and other retail) | 24.1 | 1.6 | 56.7 | 3.7 | 1,188 | 77 |
| Banks, finance, and trust companies | 32.1 | 1.1 | 87.0 | 3.0 | 1,715 | 59 |
| Insurance companies | 27.0 | 1.3 | 72.8 | 3.4 | 1,427 | 67 |
| Miscellaneous industries | 21.2 | .9 | 74.1 | 3.2 | 1,552 | 66 |

Source: Chamber of Commerce of the United States, *Fringe Benefits* (1965).

taxes, that a conclusion that such taxes are a factor would have to be mere speculation. It would be reasonable to suppose that any differential in UI taxes could hardly be of sufficient importance to take precedence over other location factors.

The influence of taxation on plant decisions is not easy to determine on the basis of answers to surveys. Some studies have stated that the role of taxes in industrial location has been much exaggerated. Other studies have assigned total taxes as a factor a low level of importance. Relevant to this point of view is the proposition that low taxes may mean poor community services; high taxes, the opposite. The equating of these two elements determines one's choice. An industry with comparatively high costs per unit or per dollar might well select an area of high labor cost instead of one of relatively low cost because of the type and kind of community services it deems acceptable, such as, the public school system and police and fire protection.

4. *Influence of other differentials in interstate comparisons.*—Aside from the fact that the cost of unemployment insurance forms a small part of other costs of which it can be considered to be a part (for example, labor costs or total costs of employee benefits), other factors must also be considered. These costs vary geographically as well as by industry, and they exercise varying degrees of locational influence. The problem of determining the relative weight of the different location factors is complex. Taking States as a whole would not provide the homogeneity necessary to carry out the required comparative analysis. A State is rarely homogeneous enough to permit treating it as a unit in location decisions. Rather, the local or community level would be the proper basis for comparison and evaluation. If one still treated a State as an entity in this respect, States could be ranked in order of magnitude of the measurable items, essentially costs, to determine desirable locations in an economic sense. But how valid would such com-

parisons be? A large number of possibilities or combinations of different factor proportions always exist within a State, for example a more abundant labor supply in one part of the State than in another, or there may even be differentials in labor costs. In essence, innumerable variables would make it hazardous to generalize to the extent that any particular State is a better location for an industry than another State. In addition to the intrastate differentials there are limitations in the data themselves. Of course, this is not to say that one cannot identify and evaluate factors relevant to location decisions on a State-by-State basis. But there are limits to the use of this approach to determine the comparative advantage of one State over another.

## Conclusion

We are led to conclude from this analysis that the literature on industrial location indicates that UI taxes do not have any significant influence in interstate competition regarding location decision of firms. Therefore, the location of a plant would not seem a likely consequence of UI taxes. This conclusion is based on an analysis of the differential importance of the various plant location factors, on inferences drawn from many of the locational surveys, and on an evaluation of the interstate differentials in UI taxes in relation to other costs.

Location decisions are oriented to the more substantive elements of business factors, as indicated in location studies and surveys. UI taxes are a small element of total costs and cannot therefore influence a firm's profitability to any significant extent. It is incontrovertible that these taxes cannot be considered as either primary (or governing), in the sense that they limit the area of locational choice; or even as secondary, in the sense that they influence to a significant extent the actual location within the area defined by the primary factor.

It is possible that the advantages of two alternative sites are practically the same from an individual's analysis except for UI taxes. Would these taxes then tip the balance? It would be highly unrealistic to reason that they would, because one would have to assume that none of the other differentials will change in the future to alter the case and that the UI tax differentials will be permanent. The only valid conclusion, it seems, is that UI taxes have no significant or measurable effect in plant location decisions.

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# Issues Reflected in Recent Appeals Decisions

## Use of Medical Certification to Determine a Claimant's Physical and Mental Ability to Work

Joseph Barker

A worker's physical or mental condition often may be a material or, perhaps, the crucial consideration in determining an issue of entitlement to unemployment insurance benefits. Such concern stems, in large part, from the requirement found in all State laws that a claimant be "able to work." Also, questions concerning the claimant's physical or mental condition or the effect of specific working conditions upon his health commonly arise in the application of such statutory disqualifications as refusal of suitable work without good cause and voluntarily leaving work without good cause.

A basic problem which confronts all unemployment insurance adjudicators is that of ascertaining the *facts* concerning an alleged illness or disability. The claimant's statement alone is some-

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times viewed as self-serving and may be quite subjective in nature. In some instances, therefore, the unemployment insurance adjudicator may wish verification of the claimant's statement in the form of a physician's advice concerning such matters as the existence or severity of an illness or disability or the effect which known working conditions may be expected to have upon the claimant's physical or mental well being.

In proper context, the medical advice so received may be treated as "expert" evidence in which the doctor's *opinion*, as such, is accorded weight as a fact. There may sometimes be a concern, however, that the physician, in making his statement, has exceeded the bounds of his "expertise," particularly in his association of conditions of work with his patient's malady. Often a physician's diagnosis is predicated, in part, upon the patient's own observations as to the effect of some specific working condition upon his health. Perhaps more significant is the fact that a doctor primarily is more concerned with his patient's health than with the patient's continued employment on a certain job, or under specified conditions of work, or with his entitlement to unemployment insurance benefits.

The Superior Court for Providence, R.I., in the case of *Richard P. Rooney* v. *Albert Fascio, et al.* (C.A. No. 66–2265, Jan. 8, 1968), had occasion to consider the weight to be given "expert" evidence from a physician. On January 8, 1966, the claimant, a hydraulic engineer, left his job after 13 years service, advising his employer by letter that he was leaving for lack of opportunity for advancement and higher pay. At the hearing before the referee, however, he testified that another reason for his leaving was a recurrence of stomach trouble and a nervous condition, which he attributed to working overtime under pressure. He further testified, however, that had he been given an advancement when he requested it, he would not have left work.

The referee, whose opinion was sustained by the Board of Review, held that the claimant was disqualified for voluntarily leaving work without good cause, noting in part:

> While claimant contends that he was motivated in leaving his job because of various physical symptoms, yet he has not presented any medical evidence that his remaining on this particular job would have been detrimental to his health.

When the case first came before the Court on petition for judicial review, the matter was remanded to the Board of Review for the taking of further evidence, there having been an indication that there were medical reports which had not been presented before the Board. Ultimately, as the Court noted, there was a considerable amount of medical evidence. The reports from two doctors concerned a condition of nervousness or depression observed in the claimant, once following an automobile accident in 1961, and again, following a similar accident in May 1966. The statements which were of greatest concern, however, were those of a third physician, Dr. Antonio Capone. The Court found that in his first letter dated May 19, 1966, Dr. Capone in no way related the claimant's state of depression to the work that he had been doing, but that his letter of June 16, 1966, to the claimant's attorney, stated that this condition "* * * existed in January of 1966 and it was an important factor in causing Mr. Rooney to leave his employment."

The claimant's attorney called the Court's attention to the above statement, and contended:

> * * * there was no expert evidence to the contrary and that accordingly this opinion had to be taken as true. The court then noted the attorney's citation of a statement appearing in *Jackowitz* v. *Deslauriers*, 91 R.I., 269, 275 (1960) as follows: "This court has repeatedly recognized the rule concerning the binding effect of testimony that is uncontradicted and unimpeached."

As to this, the Court observed:

> He fails however to acknowledge the significance of the statement immediately thereafter appearing in that case: In *Walsh-Kaiser Co.* v. *Della Morte*, 76 R.I., 325, reiterating the rule that such testimony may be impeached by inherent probability, we stated at page 330: "But the rule is quite different where the positive testimony of a witness is uncontradicted and unimpeached by other positive testimony or by circumstantial evidence, either intrinsic or extrinsic. Material testimony on a controlling issue that meets so rigid a test rarely occurs, but when it exists, as it clearly does in the instant case, it cannot be disregarded and will control the decision of the trier of facts."

The Court then commented:

> When the double quoted section is taken into consideration it must be here readily apparent that there is testimony in contradiction of Dr. Capone. The letter written by the plaintiff to his employer, his acknowledged statement at the time of the hearing before the Board of Review and his affirmative testimony at that time all were in substance to the effect that he was leaving the employment because of not being offered an opportunity for advancement. This is not only impeachment of Dr. Capone's opinion but what is more important factual testimony of the plaintiff in impeachment of the

opinion. Even without direct factual impeachment it has generally been held that expert opinion need not be taken as true. Law to this effect has been found as to the testimony of an expert in a condemnation case.

Citing the case of *Johnson* v. *Providence Redevelopment Agency*, 96 R.I., 139 (1963) the Court added:

> And that such is the law is seen in the charge almost universally given to juries to the effect that they are not bound by the opinions of experts but must give such weight to those opinions as seems proper under the circumstances.

With this, the Court denied claimant's petition for judicial review, inasmuch as it found that the Board's decision was supported by substantial evidence.

The Court thus appears to have said that testimony which is uncontradicted may be given binding effect, but that testimony—even that of an "expert witness"—may be impeached by "inherent probability," or by other positive testimony, or even by circumstantial evidence. Should a claimant's testimony—that he was ill at the time he left a job—be accepted at face value, in the absence of any contradictory evidence? What weight should be given the statement of a supervisor or co-worker who had not observed any symptoms of illness in the claimant? Finally, what effect should be given the circumstance that the claimant had not consulted a doctor before leaving work?

Questions such as these are inherent in some of the cases discussed below. Obviously, the adjudicator's task is made easier in those instances in which there is medical verification of a claimant's statement. For example, a decision in January 1968 of the Arkansas Board of Review (No. 67–BR–692) concerned a claimant who had testified that she left work because the working conditions, involving conflicting work instructions, had caused her to become extremely nervous. She further explained that she had been hospitalized for "severe vascular type tension headaches and recurrence of peptic ulcer disease with anemia and urinary tract infections." Her doctor had submitted a statement that her work situation seemed to be a definite precipitating factor in the development of her recurring vascular headaches, and had strongly recommended that she not return to her job.

The Board of Review awarded benefits, stating, in part:

> * * * The Board of Review is of the opinion that the claimant had good cause connected with her work for quitting her job. She said the work was adversely affecting her health and this was supported by the statement from her doctor.

In reaching its decision, the Board also took cognizance of the claimant's efforts to preserve her job by requesting a leave of absence or a transfer back to her former job.

Similarly, an Indiana steel worker with a service-connected knee disability was held to have "good cause" for leaving work, because his duties required him to stand during his work hours and severely affected his injured knee. In this case (Board of Review Decision No. 67–R–369, Jan. 31, 1968), there had been medical advice on the part of Veterans Administration Hospital doctors that the claimant change jobs to avoid the possibility of losing his leg. It may be conceded that medical evidence is material in cases of this type and can be most helpful to appeal tribunals in the exercise of their fact-finding responsibility. Frequently, however, a decision must be made in the absence of a medical statement.

In one such case (Kentucky Unemployment Insurance Commission Decision No. 7602, Jan. 23, 1968), a wholesale drug company employee had sustained an off-duty back injury in July 1967, but was released for work without any restriction after about 1½ weeks. Later, in September, she sustained a wrist injury for which she received workmen's compensation benefits, and on October 16 was released by the company doctor, again without restrictions as to type of work. Upon her return to work, she worked one day as a relief girl, as she previously had agreed to do, but left work the following day when she was given a choice of working as a "table worker" or of leaving. While her assignment as a relief girl involved some work as a table worker, in which boxes weighing an estimated 30 pounds had to be carried a distance of 6 feet to skids, it also involved numerous other duties. She contended to her employer that her old back injury precluded her from performing work which required carrying the boxes to the skids.

The Kentucky Commission, first acknowledged the statutory requirement that disqualifications attach only to a voluntary leaving of "suitable work." "Suitable work" involves consideration of both the worker's physical fitness and any risk to health. However, the Commission then stated:

> The Kentucky Court of Appeals, in the case of *Broadway and Fourth Avenue Realty Company* v. *Crabtree*, Ky., 365 S.W. 2d 313, provides generally a worker must show physical incapacity by medical evidence such as a doctor's statement.

Under the rule of this case by the Court of Appeals, the claimant has not furnished medical proof that she was unable to perform the table work temporarily or that such work involved an undue risk to claimant's health. The work was suitable and she was without good cause in leaving rather than accepting the assignment.

It might be noted here that neither the Commissioner's decision nor that of the referee which it affirmed, speaks of any request by the employer for such medical proof. Might not the actual choice given the claimant—to accept the assignment to table work, or to leave—have precluded a reasonable opportunity to obtain and to present a medical report? Further, is a blanket requirement for a doctor's statement, such as the Court apparently imposes, a satisfactory solution in cases such as this?

Another instance in which there was no medical evidence as to the claimant's illness or as to the presence or absence of work-connected cause is found in a decision of the Texas Employment Commission (No. 554–CA–67, June 22, 1967, *BSSUI* VL 515.35–33). The claimant, a credit reporter, quit work in part because she felt that the conditions of her employer's office were substandard and also because she believed that the pressure of work was causing her migraine headaches. The "pressure" allegedly came about because in addition to performing her "regular" work, she had to train two inexperienced girls.

The Texas Employment Commission in disqualifying the claimant stated:

Although the claimant was of the opinion that the pressure of the job was causing her headaches, she had not alleged that she was advised by a physician to quit this job. We, therefore, find that the claimant did not have good work-connected cause for leaving her job.

Is it appropriate to consider, in such a case, the potential sources of information upon which a doctor might rely in advising the claimant whether he should quit work? Beyond question, the claimant's description of his symptoms would be a factor in his diagnosis. But what of the working conditions? Would not the physician's conclusion as to the existence of undue "pressure" on the job also be based, substantially, upon his patient's description of those conditions? In the ordinary case, is not a doctor's "expert" opinion premised, to some degree, upon his patient's own observations as to how he feels and his physical reaction to specific conditions? If the answer is "yes," this would seem to suggest the need for discretion in requiring medical evidence in unemployment insurance cases.

In both the Kentucky and Texas cases, the claimants maintained, but without confirmation by a doctor, that working conditions were injurious to their health. In neither case did the claimant prevail, however, because the tribunal insisted upon a doctor's statement. In contrast, a decision (No. 67–5466, Feb. 9, 1968), of the California Unemployment Insurance Appeals Board sought to demarcate the extent to which a claimant, as a layman, is competent to testify as to his physical condition.

The claimant, a painter working in an electric generator station, advised his employer that he was leaving for reasons of health, that he was affected by the noise of the generators. About 1 week before, he had consulted a doctor concerning chest pains and nervousness and, after certain tests were performed, had been found not to be suffering from a heart condition or other serious ailment. The employer stated that the generators were not excessively noisy and that the noise-level conformed with State standards. It was pointed out, also, that it was well-known in the plant that the claimant planned eventually to move with his family to a ranch in another State.

The referee held that the claimant lacked good cause for leaving work, primarily on the basis that there was no medical evidence substantiating claimant's contention that his employment was affecting his health. Upon the claimant's appeal, the California Appeals Board affirmed the referee's decision, but made special comment as to the need for medical statements:

* * * we note that at the hearing the claimant testified that he quit because he "felt the noise in the steam station was detrimental to [his] health." No doctor advised leaving the work. No request for transfer to other work was made. Although we have not accepted into the record the doctor's record and statement or the prescription offered by the claimant as new evidence after the hearing, we have examined these to consider the application for their admission and find no reference to noise in any of them. No connection is established between plant noise and any of the claimant's health problems.

Ordinarily a layman is competent to testify to his own physical condition, at least by stating symptoms (*Latsky* v. *Wolfe* (1927), 85 Cal. App. 332, 259 P. 470; *North Elk Oil Co.* v. *Industrial Accident Commission* (1927), 81 Cal. App. 582, 254, P. 582), but pathologic cause of a disease is ordinarily a matter only for expert testimony (*Norden* v. *Hartman* (1952), Ill. Cal. App. 2d 751, 245 P. 2d 3; *Hartford Accident and Indemnity Co.* v. *Industrial Accident Commission* (1934), 140 Cal. App. 482, 35 P. 2d 366; *Pacific Growers Insurance Co.* v. *Industrial Accident Commission* (1941), 47 Cal. App. 2d 494, 118 P. 2d 334), and the proper

mode of dealing with a disease is also a matter for a physician rather than a layman to judge (*Church* v. *Bloch* (1947), 80 Cal. App. 2d 542, 182 P. 2d 241).

We recognize that compelling health problems may exist without verification by a physician * * *.

Thus, the California Unemployment Insurance Appeals Board sought to restrict, somewhat, the concept, apparently followed by the referee, that medical evidence necessarily must be present in cases like this. The Board went on to say, however, that the referee's decision should be approved as it was not manifestly against the weight of the evidence.

Under the guidelines established by the Board, the claimant would seem competent to testify to the "chest pains" and "nervousness." Can it be argued, also, that it is the claimant rather than the doctor, who is the "expert witness" as to the effect of the noise from the generators, with respect to his condition of "nervousness"?

Finally, there is the well-known circumstance that individuals do not always heed their doctor's advice. Financial or other pressing circumstances may compel a patient to forego action upon his physician's well-intentioned advice that he spend 2 or 3 months in Miami, Fla., for purposes of recuperation. So it may be, also, as to a physician's advice concerning his patient's occupational pursuits.

A decision of a Neveda Appeals Referee (No. A–16–684, February 1967, *BSSUI* AA 510.35–23) concerned a draftsman and survey rodman who, following hospitalization for a ruptured lumbar disc, was released by his doctor on November 28, 1966 (about 5 weeks later) as able to perform "light work which would not require bending." In the 4-week period ending December 24, the claimant had made an average of 4-weekly applications for work which he had done before and which required considerable bending. He did not report, on December 10, 1966, for a counselling interview, in which consideration would have been given to possible retraining for another occupation.

The Appeals Referee held that the claimant was not available for work for the 4-week period ending December 24, but that he was available thereafter. Thus, in referring to the 4-week period, the Appeals Referee said:

During this period, the claimant confined his work search to seeking employment as a draftsman which requires considerable bending. He failed to utilize employment counselling or make any effort to secure light work which he was physically able to perform. He did not make himself available for work which he was physically able to perform during the 4-week period ending December 24. Following his release for work as a draftsman on December 28, the claimant engaged in a realistic and reasonably energetic search for work and satisfied availability requirements within the meaning of the law.

Without showing that claimant's search for work as a draftsman was any less intense or energetic in the 4-week period ending December 24, than in the later period, it would appear that the doctor's certification of claimant for "light work" only was the controlling factor in the decision. The proximity in time of the two medical "releases" suggests the possibility that the claimant "could have" worked as a draftsman at some time during the 4-week period, although, from a medical standpoint, this might not have been wise. Would inquiry into this possibility have been warranted?

A different approach was taken by a Kansas referee (Decision No. 67–1190K, Dec. 22, 1967). After the death of her husband in April 1967, the claimant sought medical care from her osteopath for a "low back and sciatic condition," the result of caring for her husband. She last saw her doctor in July, although the doctor prescribed continuing treatments. On October 25, 1967, the doctor certified that she was unable to return to her usual work, as a nurse's aide in a nursing home, and that she could work where there was no lifting, stooping, or pulling. The claimant, however, had worked part time for the nursing home during 3 weeks in October and November, but during the week prior to the hearing, refused full-time work, stating that she would be taking the place of two other aides and that she was not up to the required lifting and moving of invalids out of beds.

The referee reversed the examiner's determination, and held that claimant was available for work:

The certification of the doctor is generally considered as the best evidence of claimant's being able to work. Where the doctor's advice is that claimant should not return to her last kind of employment but is able to perform other work, it must be considered along with other evidence in the matter. In the instant appeal the claimant disregarded doctor's orders to perform work last performed because of financial necssity. She also realizes that she cannot perform this type of work full time but this does not remove her from the labor market.

In this case, the claimant actually obtained employment, contrary to her doctor's advice. Since it is generally accepted that the concept of "avail-

ability for work" cannot be equated with a person's actually obtaining employment, should a sincere and active effort to obtain employment, though contrary to a doctor's advice, also be considered to make the individual available for work? The Nevada and Kansas referees appear to have differed on this point.

In summary, how competent is a claimant to testify as to the condition of his health, the effect of a specified working condition upon his health, or the kind of work he might accept without injury to his health? Is the emphasis which some States place upon the need for medical certification based upon a need for "expert" opinion, as such, or more upon an assumption that there is a greater than ordinary risk that the claimant may not be telling the truth concerning his health? If the latter, is there any greater risk that a claimant will misrepresent his health or phyical condition than that of misrepresentation concerning the kind of work he will accept, or the wages, hours or other conditions under which he will work? If these are viewed as different situations, does the difference lie merely in the fact that, in *some* cases, State agencies are able to test a claimant's assertions, as to acceptable working conditions through referrals or direct work offers? Finally, what balance can be struck between considerations of the additional costs unemployed workers frequently incur when they must obtain a doctor's statement, as a part of the processing of a claim for benefits, and the fact that, in providing such statements, the physicians themselves must rely to a large extent upon the claimants' own statements of their health or symptoms and, even more, on statements of how given conditions of work affect them?

# Unemployment Insurance Decisions*

## Bold Acquaintance

*Kentucky.*—The claimant, a former managing editor for a racing magazine, was employed as a statistical worker by a publishing firm. He made the acquaintance of a man who represented himself as a "prominent" steeplechase jockey, an individual known to the claimant by reputation. The claimant's confidence in the man's identity was strengthened when he accompanied the acquaintance on visits he made to consult with judges and public officials in an effort to obtain the release of a girl friend from a psychiatric hospital. After 2 days, the claimant left his job with the publisher and accepted work as the agent for the new acquaintance. For a flat weekly salary of $200, he was to secure mounts for the acquaintance and, additionally, do some work of an unidentified nature in a business in New York City in which the acquaintance purported to own an interest. The claimant accepted a check for $500 for 2 weeks in advance and $100 for out-of-pocket money. He then rented a car and drove to a distant race track with the acquaintance who was purportedly scheduled to ride. Shortly after arrival, the acquaintance, who proved to be an impostor, disappeared. The check, which was drawn on the account of a business formerly operated by the girl friend, proved to be worthless.

The Commission held that the claimant left the statistical job with the publishing company without good cause when he left regular work to take work which was not substantial. Assuming that it was the prospect of work for the impostor which caused the claimant to leave his employment with the publisher, the Commission said it was inconceivable that a working arrangement such as proposed by the impostor and the claimant could have been for anything but temporary and intermittent work. (C.O. No. 7514, Nov. 28, 1967.)

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## Milady's Dress

*Maryland.*—The claimant, a 20-year-old accounts receivable clerk, was considered an excellent employee. She approached an official of the insurance company for which she worked to review her employment so that a wage increase could be considered. The official told her it was the employer's policy to give raises but that there was objection to her mode of dress. The claimant left her work rather than discuss the question of wearing apparel, because she thought she should be judged on her work ability and not on her manner of dress, particularly as she did not think her clothing improper. She testified that about once a week she would wear a culotte, kneehigh socks, a turtleneck sweater, and suede shoes. On occasions she would wear short dresses.

The referee held that the claimant left work voluntarily without good cause. He said: "The nature of the employer's business is such that proper and conventional office attire is necessary. The employer has a right to discuss with an employee unconventional clothing or clothing which is not usually worn in a business office. * * *" (Decision Appeal No. 147666, affirmed by Board of Appeals Decision No. 62–BH–68, Feb. 23, 1968.)

## Found Treasure

*Mississippi.*—In front of the motel where he was staying, the claimant found a union book and a social security card belonging to another individual together with a "work order" referring the owner of the identification to a construction firm which would accept as employees only union members referred by a local union. The claimant was not a union member but needed employment. He presented the work order, social security card, and union book to the hiring authority at the construction job, representing himself as the person whose name appeared on the papers he had found. He was hired as a pipefitter and as far as he knew, his work on the job was satisfactory; but the deception weighed on his mind. He realized that he was doing wrong and that he would be discharged whenever his deception was discovered by the employer or by union officials. After 2½ days on the job he asked a fellow employee to report the facts to their foreman. As a result, he was discharged. The appeals referee held that the claimant was discharged for misconduct connected with his work. (1–UCFE–R–68, Jan. 4, 1968.)

## Flying Feathers

*Missouri.*—The claimant worked in a chicken processing plant. The employer, aware that the claimant had glaucoma, had assigned him to a job that would not aggravate that condition. However, on his last day at work, because a number of chickens had arrived at the plant and the work was piling up, the claimant was needed to hang chickens on the conveyor line. The claimant worked at this assignment until 3 p.m.

The claimant testified that the chickens were flopping around, flapping their wings, and hitting him in the face and eyes. Also, flying feathers were getting in his eyes so that by 3 p.m. the claimant could hardly see. He felt he had to go home to put eye drops in his eyes. He looked around for the foreman but could not find him. Because of the urgency of the matter, he did not spend additional time looking for the foreman and left the plant without notifying anyone he was leaving. On the following morning he was told that he was discharged for leaving work prior to the end of his shift and without permission from anyone in authority.

The appeals referee concluded: "The claimant was having trouble with his eyes and could scarcely see. Under these circumstances, the Referee does not believe that he should have been expected to make an extensive search for his foreman prior to leaving the plant." The claimant was held not to have been discharged for misconduct connected with his work. (Appeal No. A–94–68, Feb. 29, 1968.)

## Too Much Publicity

*New Mexico.*—A ramp serviceman reported late to work after his noon hour and exchanged abusive language with his supervisor. Later, he came down an airplane conveyor and bumped into the supervisor, causing more argument. Both were called into conference by the airline station manager but decision was postponed as to the claimant's continuance in employment. Meanwhile, on his day off, the claimant stopped at a service station for gasoline for his car. During an argument, the service station operator went for a small caliber rifle and shot the claimant under the rib cage. The claimant was hospitalized and the incident was widely publicized. When the claimant recovered, hearing on both incidents resulted in the claimant's discharge.

The chief of appeals concluded that the incident which could reasonably be connected with the claimant's work was an isolated instance of unsatisfactory conduct on his part, and that the supervisor was the moving party when he "selected a poor choice of words" to inquire of the claimant as to his whereabouts when he reported late. The wide publicity given to the shooting incident was not under the claimant's control. The employer exercised his right of selection and dismissed an employee who was no longer an asset to him. The claimant was not discharged for misconduct connected with his work. (Appeal No. 800–67–U, Jan. 4, 1968.)

## Party Pride

*Texas.*—The claimant worked as a secretary from 8 a.m. to 4:30 p.m., Monday through Friday. She had been given permission to have appointments at the beauty shop at 3:30 p.m. on Thursdays. During the last week of her employment, Thursday was Thanksgiving Day, a paid holiday. Without consulting the employer, the claimant arranged for an appointment at the beauty shop at 3:30 p.m. on Wednesday. She left the office and kept the appointment without saying anything to the employer. Because of this incident she was discharged. The employer stated that the claimant had a paid holiday on Friday, the day after Thanksgiving Day, and he could not see why the claimant did not set her appointment for that day! The claimant was held to have been discharged for misconduct connected with her work. (Appeal Tribunal No. 432–AT–68, affirmed by Commission Appeal No. 149–CA–68, Mar. 13, 1968.)

# Trends in the Economy*

**Economic activity** showed only a modest stimulation in February, as indicated by a lack of vigor in most key economic indicators. The index of industrial production edged up fractionally, although output in the important manufacturing sector registered a slight decline from the preceding month. New orders for durable goods also inched higher, while durable goods shipments declined by nearly 3 percent. A moderate gain was posted by retail sales, aided by increased purchases of both durables and nondurables. Construction activity continued to improve, with housing starts and the rate of permit issuance up strongly. The greatest strength in February, however, was evidenced by personal income, which had its largest gain in nearly 1½ years.

Employment developments in February were mixed. Total civilian employment rose substantially over the month, but unemployment showed an increase. After a reduction in January the adjusted jobless volume moved up to the December level. As a consequence, the unemployment rate (seasonally adjusted) rose to 3.7 percent following the 14-year low of 3.5 percent in the preceding month.

### Business Activities

The *index of industrial production* rose fractionally in February, moving up by 0.1 point from January to a seasonally adjusted 161.3 percent; however, this was slightly below the record 162 percent in December. Output in nonmanufacturing was responsible for all of the rise; manufacturing production was lower than in January.

Output in the manufacturing sector slipped down by 0.2 point to a seasonally adjusted 162.8 percent, with all of the falloff among the durable goods industries. Hard goods production eased by 0.4 point to 166.8 percent. Most of the metals and metal-using industries showed declines; however, the transportation equipment industry posted a slight increase. All of the gain in the transportation equipment industry occurred in the aircraft sector; the motor vehicle index showed a sizable drop of 2.3 points over the month but production was sharply above a year earlier. Automobiles were assembled at an 8.1 million unit rate in February, off by 3 percent from the preceding month. The decline largely reflected work stoppages.

Despite an overall decline in the primary metals index, an important component—the iron and steel index—showed a rise in February. The increase reflected more than seasonal purchases from can makers, construction, and auto producers, as well as hedge buying because of a possible strike in late summer. Some 13.4 million tons of steel were poured in February, compared with 12 million tons in January and 10 million tons in February a year earlier.

The nondurable goods index remained virtually unchanged at 157.8 percent. An increase in paper and printing production was offset by a decline in textiles. Output in other soft goods industry groups showed little change.

Both the mining and utility indexes showed advances between January and February, with the former rising by 2.5 points to a seasonally adjusted 125 percent, and the latter moving up to an adjusted 194 percent from 192. A year earlier these indexes stood at 122 and 181 percent, respectively.

In February *new factory orders for durable goods* were at their second highest level since September 1966. At a seasonally adjusted $25 billion volume, orders were up some $400 million, or 1.6 percent, from January and were $2.7 billion above the year-earlier level. The record level—$25.4 billion—was reached in December 1967.

Steel buying and orders for defense products were significant factors in the February rise, with orders for primary metals advancing by over 10 percent and orders with defense industries climbing by nearly 15 percent. Bookings for machinery slipped by $200 million to a seasonally adjusted $7.1 billion, while transportation equipment orders held steady over the month at $6.5 billion.

*Shipments of durable goods* registered a decline

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in February, moving down by 2.8 percent to a seasonally adjusted $25.2 billion; compared with a year earlier, shipments were some $1.9 billion higher. Most industries registered slight reductions between January and February, with the only increase—a small one—in primary metals shipments.

Reflecting the rise in new orders and the decline in shipments, the *backlog of durable goods orders* increased by some half billion dollars to a seasonally adjusted $79.5 billion. This was sharply above the $75.1 billion backlog of a year earlier. Unfilled orders for primary metals advanced by $500 million over the month as steel users continued to build up inventories as a strike hedge.

*New housing starts* rose strongly in February, climbing by 8 percent to 1,566,000 units (seasonally adjusted annual rate); this was 35 percent more than a year ago.

All regions except the Northeast shared in the gain. The largest increase occurred in the South, where starts were up 24 percent; smaller gains were reported in the North Central and West regions. Starts, however, fell almost 21 percent in the Northeastern section.

The pace at which *building permits* were issued in February also reflected a strengthened construction industry. At a 1,373,000 seasonally adjusted annual rate, permits were 25 percent above January and 54 percent higher than in February a year ago. Authorizations for single family units were at a seasonally adjusted annual rate of 701,000 units, up from 630,000 units in January. In the two- to four-family category, 81,000 permits were issued—7,000 more than in the previous month. Permits for large apartments (housing five or more families) were up very strongly; at 591,000, they were 48 percent over the January total of 398,000.

*Personal income* rose strongly in February, increasing by $7.5 billion—the largest monthly gain since September 1965—to a $658.4 billion seasonally adjusted annual rate. Most of the increase occurred in the key wage and salary component, which rose by $6.3 billion to a seasonally adjusted $448.7 billion annual rate. The sharp advance largely reflected an increase in minimum wages. However, excluding the rise in minimum pay rates, the February gain was still strong, as employment and hours worked posted sizable increases. Manufacturing payrolls were up by $2.3 billion to an annual rate of $141.9 billion (seasonally adjusted), with the rise almost equally divided between the durables and nondurables sectors. Among nonmanufacturing industries, construction showed an especially strong advance. Wages and salaries were also up in the trade and service groups.

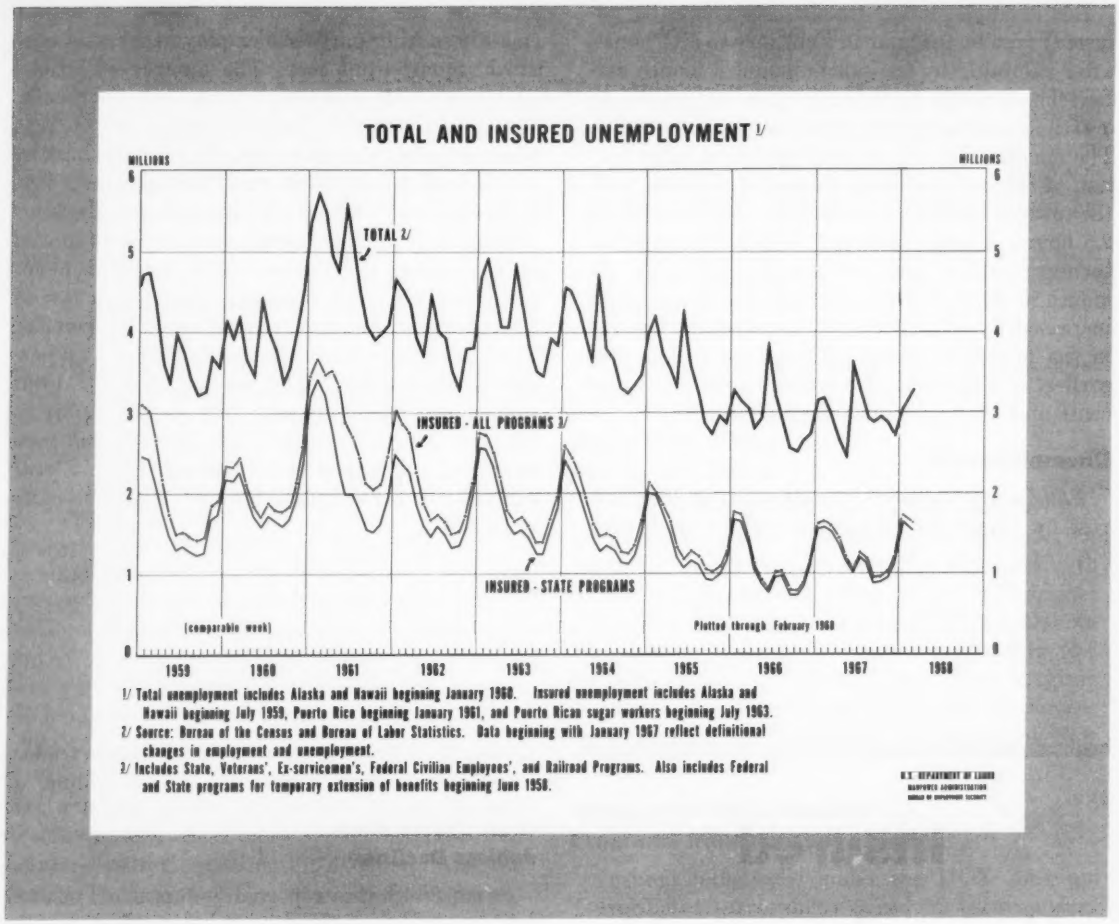
Except for farm income, which was down slightly, all other income items—other labor income, nonfarm proprietors' income, rents, dividends, interest, and transfer payments—advanced by small to moderate amounts or remained unchanged.

*Retail sales* in February rose by $400 million or 1 percent to a seasonally adjusted $27.4 billion; compared with a year earlier, sales were some 8 percent higher. Increased sales in February were reported for all of the major types of business; durable goods sales rose by 2 percent and nondurables by 1 percent. In the important automotive group February sales of domestically produced cars totaled 624,000 units, down by some 6,000 units from the preceding month, but nearly 115,000 above the number a year ago.

## Employment

Following a sluggish performance in January, *total civilian employment* (unadjusted) rose by 841,000 to 74.1 million in February. (On an adjusted basis, the employment level moved up by over one-half million.) Both farm and nonfarm employment shared in the gain, with the latter increasing by 745,000 to 70.7 million, while the former rose by 96,000 to 3.5 million. Compared with February 1967, employment was up by 1.6 million, with three-fifths of the gain among adult women and the remainder adult men. Employment among teenagers was down by some 14,000.

*Nonfarm payroll employment* rose by 548,000 to a seasonally adjusted 67.7 million in February. Nearly half of the increase was in the construction component, where a gain of 251,000 was posted. The expansion resulted, in part, from a return to work of employees idled by bad weather conditions in January. Manufacturing employment (seasonally adjusted) rose by 66,000 to a record 19.6 million, topping the previous high of 19.2 million set in January 1967. Over two-thirds of the rise in manufacturing was in the nondurable goods sector, with 9 of the 10 industries reporting employment advances. The largest increases occurred in the apparel and textiles industries—13,000 and 10,000, respectively. In addition, there were employment increases in the rubber (9,000), chemi-


TOTAL AND INSURED UNEMPLOYMENT 1/
MILLIONS
MILLIONS
TOTAL 2/
INSURED - ALL PROGRAMS 3/
INSURED - STATE PROGRAMS
(comparable week)
Plotted through February 1968
0
1
2
3
4
5
6
1959
1960
1961
1962
1963
1964
1965
1966
1967
1968
1/ Total unemployment includes Alaska and Hawaii beginning January 1960. Insured unemployment includes Alaska and Hawaii beginning July 1959, Puerto Rico beginning January 1961, and Puerto Rican sugar workers beginning July 1963.
2/ Source: Bureau of the Census and Bureau of Labor Statistics. Data beginning with January 1967 reflect definitional changes in employment and unemployment.
3/ Includes State, Veterans', Ex-servicemen's, Federal Civilian Employees', and Railroad Programs. Also includes Federal and State programs for temporary extension of benefits beginning June 1958.

cals (6,000), and printing and publishing (5,000) industries. Employment in the durable goods sector rose by 21,000, with the transportation equipment and electrical machinery industries showing the largest gains—19,000 and 13,000, respectively. The only significant reduction occurred among stone-clay-glass workers, down by 30,000.

The service-producing sectors continued to register sizable gains in February; the most significant increases (seasonally adjusted) were in trade—97,000, State and local government—55,000, and miscellaneous service industries—45,000.

Compared with a year earlier, nonfarm payroll employment was up 2.0 million, with the most substantial increases occurring in the State and local government (576,000), services (522,000), and trade (463,000) sectors. Other substantial rises were posted in the finance-insurance-real estate (155,000), contract construction (98,000), and transportation-public utilities (69,000) sectors.

Manufacturing employment showed a net gain of 61,000 over the year, with all of the increases occurring in the soft goods sector. The largest increases were posted in the chemicals (28,400), rubber (21,700), textiles (20,300), printing and publishing (18,100), and paper (10,200) industries. Employment in food and kindred products and apparel industries dropped by 23,900 and 4,300, respectively. In the hard goods industries, employment was down by 16,000, with the largest reductions occurring in the primary metals (55,900), stone-clay-glass (26,600), nonelectrical machinery (23,800), and electrical equipment (21,300). These reductions were partially offset by increases in the transportation equipment (67,800) and ordnance (21,100) industries.

*The average factory workweek* (seasonally adjusted) rose by 0.5 hour in February to 40.7 hours, after declining by the same amount a month earlier. The increase included 0.1 hour of additional overtime, raising the overtime average to 3.6 hours. The nondurables sector accounted for a large portion of the increase in the factory workweek, with the tobacco industry registering a sizeable gain of 2.5 hours. *Average hourly earnings* for manufacturing workers remained unchanged over the month at $2.95, but the *average weekly paycheck* increased by $1.48 to $119.48, reflecting the rise in the factory workweek. Compared with a year earlier, average hourly earnings were up by 16 cents and average weekly earnings by $7.60.

### Unemployment

*Total unemployment* (unadjusted) in February rose by 214,000 to 3.3 million, with nearly three-fifths of the rise occurring among teenagers (mainly seeking part-time employment), and one-third among adult men. The number of jobless adult women showed little change over the month, edging up by 22,000. Compared with a year earlier, unemployment was up by 105,000, with the bulk of the increase among adult men; teenage unemployment remained virtually unchanged over the year.

Seasonally adjusted, total unemployment moved up by 185,000, and the seasonally adjusted unemployment rate, after dropping to a 14-year low of 3.5 percent in January, moved up to 3.7 percent. The jobless rate for teenagers climbed to 12.6 percent from January's 11.3 percent, and for adult women the unemployment rate moved up from 3.9 percent to 4.0 percent. The rate for adult men remained unchanged at 2.3 percent. From a year earlier, all three major groups were virtually unchanged.

# Insured Unemployment*

**Insured unemployment** averaged 1,555,700 per week during February, some 68,200 below the January volume and 26,800 under the number in February 1967. The average for February represents the lowest volume for that month since 1956; the rate, at 3.2 percent, was the lowest for any February since 1953. During the month, improved weather conditions brought about increased activity in construction and other outdoor work. This factor, in addition to a pickup in the needle trades, was largely responsible for the jobless decline.

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### Most States Show Jobless Declines

Some 36 States reported volumes of insured joblessness lower than in the preceding month. The most substantial drop—20,700—was recorded in New York and reflected, in large part, the recall of apparel workers in New York City. Throughout the State, insured joblessness among construction and service workers was less than in January. In Pennsylvania, a drop of 10,200 was largely among workers from the apparel and construction industries. General seasonal pickups in most major industries resulted in declines of 7,700 in North Carolina and 6,600 in Tennessee; while in Puerto Rico a seasonal increase in apparel, food processing, and sugarcane activity was the chief factor in a reduction of 5,100. In both Ohio (down by 4,900) and Massachusetts (4,700 lower), less insured joblessness among construction workers was a major factor.

Among the States with higher volumes, California showed the most substantial increase—17,700—due chiefly to a slowdown in food process-

| Week ended— | Initial claims [1] | | Insured unemployment [1] | |
|---|---|---|---|---|
| | 1968 | 1967 | 1968 | 1967 |
| February 3 | 308, 700 | 274, 400 | 1, 590, 700 | 1, 534, 100 |
| February 10 | 257, 400 | 276, 300 | 1, 571, 700 | 1, 557, 100 |
| February 17 | 214, 500 | 247, 900 | [2] 1, 540, 800 | 1, 579, 100 |
| February 24 | 199, 800 | 248, 300 | 1, 575, 100 | 1, 624, 900 |
| March 2 | 198, 600 | 326, 800 | 1, 512, 500 | 1, 620, 500 |
| March 9 | 208, 200 | 240, 600 | 1, 469, 400 | 1, 577, 500 |
| March 16 | 177, 300 | 225, 300 | 1, 421, 000 | 1, 525, 000 |
| March 23 | 175, 600 | 215, 400 | 1, 357, 700 | 1, 504, 900 |
| March 30 | 165, 200 | 223, 600 | 1, 287, 700 | 1, 469, 400 |
| *Weekly averages* | | | | |
| February | 227, 100 | 266, 900 | 1, 555, 700 | 1, 582, 400 |
| March | 182, 900 | 239, 300 | 1, 390, 100 | 1, 532, 500 |

[1] Refers to State programs. [2] Revised figure.

ing, trade, and services. Illinois' rise of 2,800 was largely among machinery workers; increases of 1,400 in both Michigan and Indiana were scattered among several industries.

Compared with a year ago, insured joblessness was lower in 25 States, with New York showing the largest decline—26,000. In that State most of the drop occurred among construction, apparel, and service workers. California had a decline of 20,400, largely reflecting a pickup in construction activity. A reduction of 7,200 in Michigan was due mainly to a quicker pace of activity in the automobile industry.

The largest rise from a year earlier—some 10,000—occurred in Illinois where insured joblessness was higher among machinery, trade, and service workers. Other States showing substantial increases were Connecticut (7,100) and Indiana (5,200). In these two States insured joblessness was markedly higher among machinery workers.

## Seasonally Adjusted Level of Insured Joblessness Moves Down

On a seasonally adjusted basis, insured joblessness in February edged lower, dropping to an average weekly volume of 1,144,500 from 1,152,300 in the preceding month. The insured jobless rate at 2.3 percent was unchanged from January and compares with a 2.5 percent rate in February of 1967. The adjusted February 1968 volume is the lowest for the month since the start of this series in 1949.

## Rates Vary Widely Among the States

As usual during February, Alaska had the highest rate of insured joblessness—14 percent (not seasonally adjusted). Puerto Rico was next with a rate of 8.2 percent; other States with higher rates were Montana (6 percent), North Dakota (6.7 percent), Idaho (5.7 percent), Nevada (5.6 percent), Utah (5.4 percent), and West Virginia (5.2 percent). The lowest rates were 1.2 percent in Texas and 1.3 percent in Virginia and New Hampshire.

## Joblessness Under Federal Programs Moves Slightly Higher

Insured joblessness under the UCX program (covering ex-servicemen) edged up between January and February, moving from 40,000 per week to 40,100. A year ago, the weekly average measured 24,700 per week. Under the UCFE program (covering Federal civilian workers) the volume, at 28,500, compared with 27,700 in January and 23,600 in February of 1967.

## Initial Claims Show Reduction

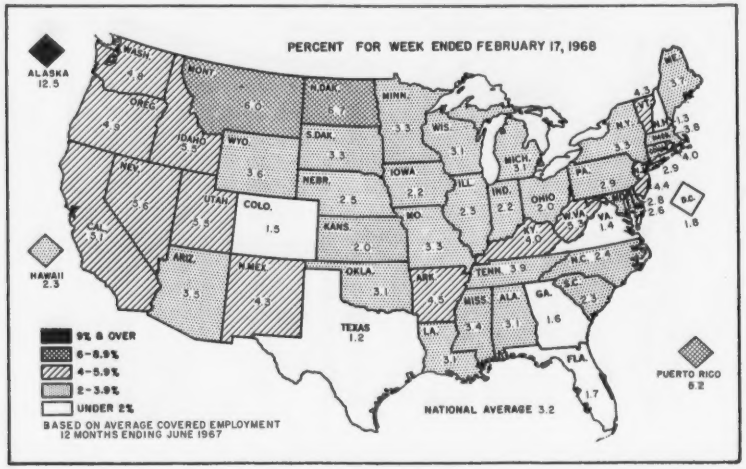
A weekly average of 227,100 initial claims for benefits were filed under the State programs—

| Activity [1] | Number or amount February 1968 | Percent change from— January 1968 | Percent change from— February 1967 | January–February cumulative (in thousands) 1968 | January–February cumulative (in thousands) 1967 |
|---|---|---|---|---|---|
| Initial claims [2] | 968, 900 | −33. 7 | −10. 8 | 2, 429 | 2, 433 |
| Weeks claimed [2] | 6, 624, 500 | −10. 7 | +4. 4 | 14, 040 | 13, 227 |
| Insured unemployment (weekly average) [2] | 1, 555, 700 | −4. 2 | −1. 7 | 1, 591 | 1, 570 |
| Beneficiaries (weekly average) | 1, 373, 500 | +4. 3 | +1. 8 | 1, 344 | 1, 311 |
| Benefits paid [3] | $243, 736, 100 | −1. 9 | +11. 1 | $490, 526 | $441, 164 |
| Claimant exhaustions | 77, 300 | −8. 1 | +20. 5 | 161 | 131 |

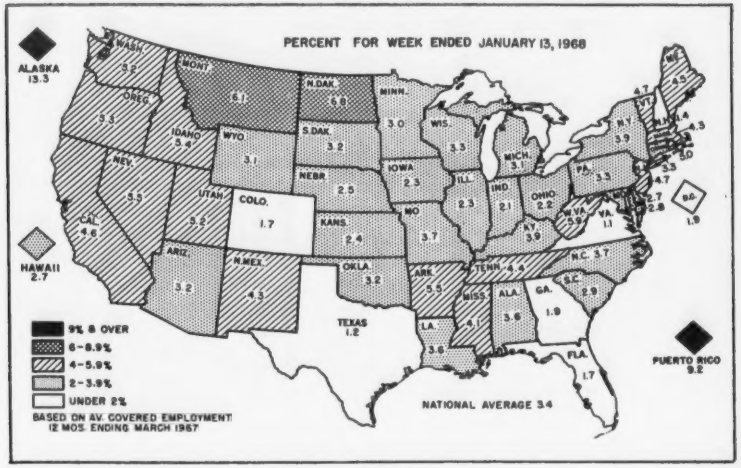
[1] Data relate to State programs only.
[2] Includes agent State claims taken by the Virgin Islands; also includes data under Puerto Rico sugarcane program.
[3] Monthly data represent gross amount; cumulative data represent net amounts.

# STATE INSURED UNEMPLOYMENT AS PERCENT OF AVERAGE COVERED EMPLOYMENT

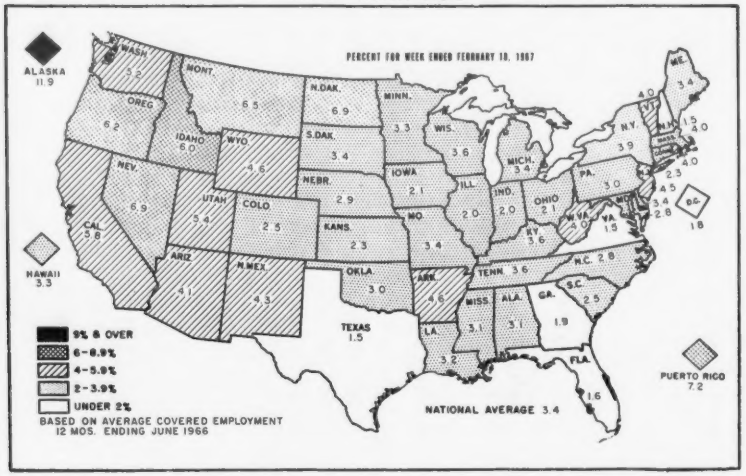
## LATEST MONTH



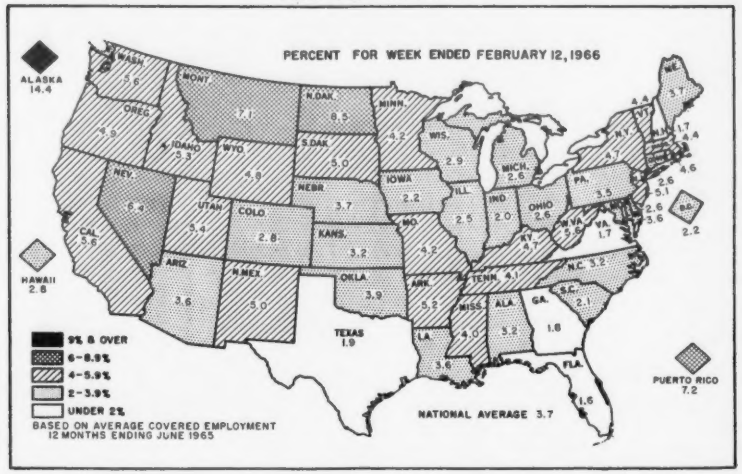

## PREVIOUS MONTH




## ONE YEAR AGO




## TWO YEARS AGO



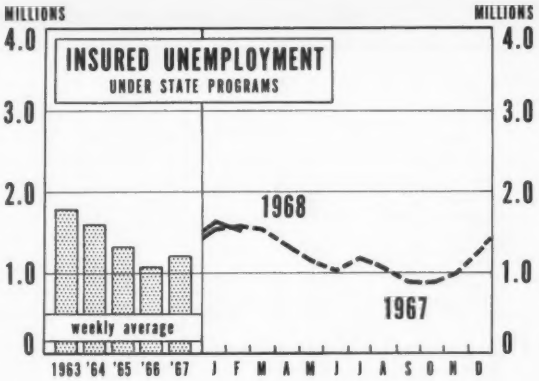
down sharply from the 315,800 claims in the previous month. The over-the-month drop was somewhat greater than usual for that time of year, and as a result the seasonally adjusted weekly average edged down from 215,900 in January to 211,100 in February.

### Benefits and Exhaustions

Benefit payments under all regular unemployment insurance programs declined to $259.4 million in February, some $5.5 million under the January amount; a year earlier the benefit total amounted to $230.9 million. Some $243.7 million in benefits were disbursed in February under the State programs, $4 million under the railroad program, and an aggregate of $11.6 million under the UCFE and UCX programs.

The average weekly benfit check for persons totally unemployed was $43.58 during February, up from the previous month by 99 cents. Connecticut reported the largest average weekly check—$53.50, followed by California and Wisconsin with average checks of $51.12 and $50.25, respectively. The lowest average checks were paid in Puerto Rico ($23.59), Mississippi ($27.09), and North Carolina ($28.62).

Approximately 7 percent of the persons drawing benefits during February received partial compensation. The average weekly check for partial unemployment was $25.16, compared with $25.56 in January and $24.87 in February 1967. The proportions of claimants drawing partial unemployment benefits ranged from highs of 19 percent in North Dakota, 17 percent in North Carolina, 14 percent in Wisconsin, and 13 percent in both Georgia and Hawaii to lows of 2.6 percent in Michigan, 3.0 percent in the District of Columbia, and 3.1 percent in both Minnesota and Nebraska.




During February, a total of 77,300 beneficiaries exhausted their rights to unemployment compensation under the State programs, down by 6,800 from the January figure but up by 13,200 from a year earlier.

Forty-three States showed a lower exhaustion figure in February, with the largest reductions occurring in California (2,200), Puerto Rico (1,800), and New York (1,400). The largest increase was reported in Washington, up by 2,600.

The exhaustees in February accounted for about 8 percent of the 981,000 persons who ceased filing for benefits under the State unemployment insurance programs. Most of the remainder of those who ceased filing, presumably, had returned to work or had left the labor force.

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* * * The skilled urban worker has now achieved the position of his 13th century counterpart, whose long workday, seasonally varied, was offset by many holidays, rest periods, and long vacations; annual hours of work now, as then, remain in the range of 1,900 to 2,500.

—*Impact of Change on Work and Leisure*, by Harold L. Wilensky. (Excerpt from *McGill Conference on Human Values and Technology*, in Monthly Labor Review, U.S. Department of Labor, Bureau of Labor Statistics, Washington, D.C., September 1967, vol. 90, No. 9, p. 21.)

## SELECTED UNEMPLOYMENT INSURANCE STATISTICS, STATE PROGRAMS, FEBRUARY 1968

| State | Initial claims received 1/ 2/ | Weeks claimed 2/ | Number of insured unemployed (weekly average) 3/ | Number of beneficiaries (weekly average) 3/ | Average weekly payments for total unemployment | Number of final payments 4/ | Benefits paid 5/ | 12 months ending Feb. 1968 (in thousands) Benefits paid 6/ | 12 months ending Feb. 1968 (in thousands) Collections and interest | Funds available Feb. 1968 7/ (in thousands) |
|---|---|---|---|---|---|---|---|---|---|---|
| Total | 8/968902 | 9/6624470 | 10/1555680 | 1372521 | 24358 | 77294 | 243736077 | $2141700 | $2024789 | $10604216 |
| Alabama | 11602 | 88454 | 20156 | 17191 | 3301 | 1603 | 2336693 | 22581 | 29519 | 112265 |
| Alaska | 1990 | 24202 | 5985 | 5694 | 4627 | 203 | 1158672 | 9/ 7764 | 11657 | 10/ 20341 |
| Arizona | 7242 | 43684 | 10312 | 8018 | 3833 | 646 | 1273194 | 12911 | 20154 | 80401 |
| Arkansas | 7179 | 72606 | 16812 | 14232 | 3216 | 797 | 1891657 | 13475 | 15219 | 43064 |
| California | 171628 | 1001553 | 241052 | 210665 | 5112 | 12929 | 4415798 | 453698 | 567498 | 911682 |
| Colorado | 4342 | 29164 | 6669 | 6004 | 4917 | 309 | 1205259 | 9624 | 9591 | 71076 |
| Connecticut | 13382 | 115058 | 26872 | 22610 | 5350 | 1142 | 6174245 | 41910 | 62205 | 266534 |
| Delaware | 1925 | 19249 | 4415 | 4998 | 4497 | 217 | 925102 | 7369 | 5972 | 23625 |
| Dist. of Col. | 2455 | 25045 | 5829 | 4841 | 4649 | 218 | 939722 | 7873 | 10579 | 71500 |
| Florida | 13900 | 87845 | 20883 | 10272 | 3248 | 1110 | 1365884 | 21227 | 36491 | 224247 |
| Georgia | 11019 | 67725 | 16081 | 13144 | 3647 | 1631 | 1875240 | 20644 | 44402 | 252660 |
| Hawaii | 3112 | 20565 | 5042 | 4200 | 4861 | 247 | 800025 | 10076 | 11991 | 28670 |
| Idaho | 4347 | 33114 | 7969 | 6544 | 4512 | 518 | 1190986 | 7723 | 9919 | 37898 |
| Illinois | 46302 | 295845 | 71880 | 58557 | 4619 | 3572 | 11135656 | 94499 | 65142 | 543640 |
| Indiana | 30746 | 185106 | 30816 | 27201 | 3837 | 2606 | 4319151 | 34763 | 60346 | 252805 |
| Iowa | 5388 | 51084 | 12153 | 11425 | 4615 | 820 | 2137528 | 13312 | 15251 | 125335 |
| Kansas | 4917 | 34750 | 8066 | 7546 | 4318 | 416 | 1339422 | 10997 | 18636 | 82496 |
| Kentucky | 8456 | 97630 | 22864 | 18891 | 3831 | 933 | 2984043 | 22002 | 31948 | 148526 |
| Louisiana | 12861 | 92080 | 21727 | 21396 | 3762 | 1500 | 3287991 | 30232 | 35230 | 156894 |
| Maine | 3804 | 34094 | 8169 | 7266 | 3857 | 428 | 1129064 | 8189 | 10435 | 41658 |
| Maryland | 13264 | 99854 | 22666 | 22042 | 4132 | 606 | 3669238 | 27502 | 40902 | 219205 |
| Massachusetts | 30192 | 275559 | 64721 | 60725 | 4791 | 3195 | 11720425 | 96192 | 129661 | 322360 |
| Michigan | 63639 | 319002 | 73734 | 61087 | 4958 | 3843 | 12547411 | 127957 | 153689 | 10/ 567463 |
| Minnesota | 10745 | 124716 | 28789 | 25162 | 4387 | 1244 | 4571960 | 26184 | 45264 | 71470 |
| Mississippi | 6874 | 51893 | 12177 | 10291 | 2709 | 457 | 1145493 | 8653 | 12925 | 78927 |
| Missouri | 25112 | 158821 | 37295 | 29006 | 4127 | 1410 | 4680126 | 36232 | 34364 | 862479 |
| Montana | 3341 | 29481 | 7275 | 6563 | 3210 | 324 | 886760 | 5668 | 6538 | 21200 |
| Nebraska | 8698 | 28084 | 6741 | 6968 | 3938 | 351 | 1134434 | 6280 | 9769 | 48680 |
| Nevada | 4785 | 32820 | 7185 | 6585 | 4348 | 414 | 1175792 | 10948 | 11581 | 28408 |
| New Hampshire | 1630 | 10005 | 2372 | 1930 | 4286 | 28 | 330846 | 2916 | 7371 | 41732 |
| New Jersey | 44183 | 346424 | 81100 | 81854 | 4804 | 4865 | 16105803 | 124371 | 159900 | 406972 |
| New Mexico | 3783 | 31694 | 7500 | 6381 | 3400 | 239 | 895129 | 7336 | 7766 | 37828 |
| New York | 115993 | 790234 | 182826 | 181450 | 4530 | 6062 | 33102564 | 309994 | 389399 | 1534203 |
| North Carolina | 21941 | 124046 | 28319 | 25460 | 2862 | 1172 | 2879330 | 29324 | 59043 | 310690 |
| North Dakota | 1420 | 21512 | 5232 | 4253 | 4197 | 90 | 752005 | 4280 | 5020 | 7365 |
| Ohio | 32463 | 240125 | 55443 | 46977 | 4403 | 1584 | 8553526 | 73490 | 138881 | 586259 |
| Oklahoma | 6909 | 59251 | 13797 | 11244 | 3087 | 901 | 1431943 | 11913 | 12582 | 57343 |
| Oregon | 16388 | 109063 | 25436 | 21573 | 3937 | 895 | 3504855 | 29717 | 37705 | 118652 |
| Pennsylvania | 62889 | 402205 | 94055 | 82734 | 4130 | 2161 | 13730755 | 114358 | 300154 | 733099 |
| Puerto Rico | 9/11885 | 8/416316 | 8/27340 | 14306 | 2359 | 3874 | 1421094 | 9/19750 | 26180 | 72823 |
| Rhode Island | 8234 | 46627 | 10864 | 10203 | 4468 | 592 | 1841889 | 14780 | 22414 | 72297 |
| South Carolina | 8645 | 58998 | 13084 | 11299 | 3303 | 1160 | 1528183 | 17083 | 27391 | 125084 |
| South Dakota | 822 | 10831 | 2670 | 2122 | 3540 | 78 | 301133 | 2236 | 2772 | 17282 |
| Tennessee | 14911 | 145129 | 33362 | 28704 | 3337 | 1665 | 3896159 | 31654 | 47263 | 159562 |
| Texas | 18516 | 114013 | 27144 | 20332 | 3511 | 1874 | 2893669 | 27480 | 59443 | 325694 |
| Utah | 4248 | 47284 | 11256 | 8653 | 4157 | 491 | 1481724 | 10758 | 12415 | 41059 |
| Vermont | 1687 | 18583 | 4109 | 3877 | 4292 | 90 | 676385 | 4552 | 8856 | 19411 |
| Virginia | 8044 | 51386 | 11931 | 9506 | 3461 | 458 | 1351699 | 10025 | 23157 | 183504 |
| Washington | 23539 | 162024 | 37096 | 36165 | 5368 | 3780 | 15064811 | 39570 | 71474 | 881872 |
| West Virginia | 9165 | 78446 | 18168 | 15309 | 3034 | 556 | 1901550 | 13528 | 20845 | 80308 |
| Wisconsin | 23288 | 151570 | 35893 | 32342 | 5025 | 948 | 6642182 | 43997 | 63988 | 262099 |
| Wyoming | 996 | 8977 | 2146 | 1720 | 4154 | 42 | 290870 | 2097 | 3892 | 14167 |

1/ Excludes transitional claims.
2/ Total includes claims taken as agent State by the Virgin Islands.
3/ Weekly data are adjusted for split weeks in the month on the basis of a 5-day work week.
4/ A final payment is the payment for the last week of compensable unemployment in a benefit year, and indicates the exhaustion of benefit rights by a claimant for that benefit year. Because of the time lapse between the actual week in which the unemployment occurs and the date on which final payment is made the monthly total includes some claimants who exhausted their rights in the preceding month but received their final payment in the reported month, and excludes some claimants who exhausted their rights in the reported month but will not receive their final payments until the succeeding month. Workers who exhaust their rights may be entitled to additional benefits when the following benefit year begins. The number of exhaustions is not indicative of the number who are still unemployed as some will have obtained employment and others may have withdrawn from the labor force.
5/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. Includes $130,459 in payments under extended duration provisions of State laws in two States: Alaska $63,395 and Puerto Rico $67,064.
6/ Adjusted for voided benefit checks and transfers under interstate combined-wage plan.
7/ Includes amount credited to States' accounts in the unemployment trust fund, less withdrawals by the States, under the provisions of the Employment Security Administrative Financing Act of 1954.
8/ Includes data under the program for Puerto Rican sugarcane workers.
9/ Includes payments made under State temporary extended benefit provisions.
10/ Funds available reflect an advance from Federal account in Unemployment Insurance Trust Fund.

## Selected Unemployment Insurance Statistics, Federal Programs,[1] February 1968

| State | UCFE | | | | | UCX | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Initial claims received 2/ | Weeks claimed | Number of beneficiaries (weekly average) | Benefits paid 3/ | Average weekly payments for all unemployment 4/ | Initial claims received 2/ | Weeks claimed | Number of beneficiaries (weekly average) | Benefits paid 3/ | Average weekly payments for all unemployment 4/ |
| Total | 10652 | 120152 | 27533 | 4944998 | $42.60 | 23977 | 169199 | 37630 | $6673358 | $42.22 |
| Alabama | 287 | 4088 | 831 | 130272 | 37.33 | 444 | 3827 | 842 | 133630 | 37.78 |
| Alaska | 174 | 2205 | 597 | 133583 | 45.71 | 70 | 590 | 157 | 31009 | 44.59 |
| Arizona | 227 | 1815 | 485 | 82783 | 40.64 | 321 | 2360 | 503 | 85040 | 40.23 |
| Arkansas | 84 | 1731 | 279 | 42239 | 36.04 | 215 | 1946 | 428 | 67854 | 37.78 |
| California | 1948 | 20232 | 4103 | 885208 | 51.37 | 4126 | 31351 | 6625 | 1327557 | 47.71 |
| Colorado | 174 | 1625 | 407 | 85858 | 50.21 | 337 | 1701 | 437 | 88610 | 48.25 |
| Connecticut | 45 | 432 | 105 | 21202 | 48.19 | 212 | 1325 | 314 | 55935 | 42.47 |
| Delaware | 16 | 334 | 46 | 8530 | 44.43 | 67 | 405 | 89 | 15689 | 41.84 |
| Dist. of Col. | 292 | 3236 | 911 | 191479 | 50.06 | 88 | 617 | 138 | 26684 | 46.01 |
| Florida | 163 | 1580 | 193 | 28117 | 34.63 | 415 | 2202 | 429 | 67390 | 37.42 |
| Georgia | 213 | 2239 | 504 | 85425 | 40.33 | 385 | 2368 | 567 | 101167 | 42.49 |
| Hawaii | 86 | 1250 | 370 | 78015 | 50.17 | 118 | 1177 | 276 | 60818 | 52.38 |
| Idaho | 81 | 1999 | 521 | 103929 | 47.50 | 149 | 1045 | 258 | 46488 | 42.96 |
| Illinois | 337 | 3530 | 759 | 130078 | 40.83 | 1024 | 4818 | 995 | 166761 | 39.91 |
| Indiana | 136 | 633 | 133 | 19593 | 34.99 | 418 | 2508 | 524 | 85121 | 38.67 |
| Iowa | 33 | 340 | 64 | 11963 | 44.64 | 233 | 1537 | 345 | 67678 | 46.64 |
| Kansas | 73 | 673 | 163 | 28917 | 42.28 | 178 | 998 | 247 | 44719 | 43.08 |
| Kentucky | 286 | 3245 | 713 | 120954 | 40.41 | 505 | 4756 | 1142 | 201569 | 42.03 |
| Louisiana | 178 | 1539 | 242 | 38284 | 37.61 | 318 | 2833 | 572 | 98380 | 40.93 |
| Maine | 13 | 378 | 94 | 13250 | 33.72 | 115 | 840 | 198 | 34629 | 41.67 |
| Maryland | 190 | 1307 | 278 | 51678 | 44.21 | 440 | 2071 | 452 | 82336 | 43.36 |
| Massachusetts | 226 | 2657 | 720 | 146605 | 48.46 | 417 | 2812 | 715 | 132419 | 44.08 |
| Michigan | 222 | 2283 | 549 | 100222 | 43.46 | 1025 | 5711 | 1255 | 226367 | 42.96 |
| Minnesota | 97 | 1168 | 339 | 59844 | 42.00 | 384 | 3851 | 1123 | 194364 | 41.20 |
| Mississippi | 108 | 1436 | 396 | 46494 | 27.92 | 132 | 649 | 149 | 18578 | 29.63 |
| Missouri | 215 | 1793 | 500 | 80995 | 38.53 | 614 | 3365 | 895 | 156776 | 41.70 |
| Montana | 165 | 1995 | 495 | 69274 | 33.35 | 143 | 1273 | 321 | 45088 | 33.47 |
| Nebraska | 43 | 443 | 159 | 24841 | 37.19 | 85 | 552 | 154 | 26992 | 41.65 |
| Nevada | 101 | 797 | 129 | 23795 | 43.90 | 158 | 829 | 159 | 28929 | 43.31 |
| New Hampshire | 12 | 73 | 18 | 2762 | 37.32 | 62 | 216 | 55 | 11572 | 49.88 |
| New Jersey | 327 | 2470 | 446 | 87713 | 46.83 | 847 | 6178 | 1280 | 259860 | 48.35 |
| New Mexico | 192 | 1960 | 429 | 66784 | 37.04 | 200 | 1841 | 397 | 63230 | 37.93 |
| New York | 685 | 6484 | 1483 | 265360 | 42.61 | 1724 | 9471 | 1960 | 334885 | 40.69 |
| North Carolina | 186 | 2064 | 467 | 60119 | 30.64 | 401 | 2316 | 496 | 82164 | 39.45 |
| North Dakota | 30 | 630 | 139 | 22320 | 38.15 | 135 | 1562 | 334 | 56870 | 40.14 |
| Ohio | 147 | 1568 | 511 | 88234 | 41.12 | 991 | 5839 | 1050 | 182991 | 41.48 |
| Oklahoma | 120 | 2296 | 519 | 73238 | 33.61 | 144 | 1844 | 449 | 66641 | 35.35 |
| Oregon | 176 | 2530 | 635 | 103600 | 38.85 | 415 | 2697 | 675 | 127400 | 44.91 |
| Pennsylvania | 517 | 6502 | 1412 | 257100 | 43.36 | 1594 | 12911 | 2968 | 521299 | 41.81 |
| Puerto Rico | 33 | 337 | 67 | 7615 | 27.00 | 410 | 4158 | 896 | 113079 | 30.05 |
| Rhode Island | 38 | 594 | 149 | 29995 | 47.99 | 121 | 960 | 215 | 40607 | 45.07 |
| South Carolina | 119 | 994 | 205 | 30868 | 35.85 | 237 | 1701 | 354 | 60366 | 40.57 |
| South Dakota | 38 | 717 | 162 | 24256 | 35.62 | 59 | 635 | 180 | 28036 | 37.13 |
| Tennessee | 351 | 5383 | 1540 | 254305 | 39.32 | 539 | 5494 | 1321 | 213215 | 38.44 |
| Texas | 345 | 3370 | 832 | 134374 | 38.46 | 822 | 4422 | 1060 | 182594 | 41.00 |
| Utah | 309 | 4355 | 877 | 173339 | 47.05 | 169 | 2253 | 440 | 77858 | 42.09 |
| Vermont | 15 | 120 | 21 | 3527 | 39.19 | 37 | 383 | 80 | 14250 | 42.28 |
| Virginia | 191 | 1947 | 285 | 45427 | 37.89 | 246 | 1264 | 231 | 36817 | 37.99 |
| Virgin Islands | 0 | 4 | 1 | 228 | 57.00 | 3 | 7 | 2 | 478 | 47.80 |
| Washington | 413 | 5483 | 1395 | 212035 | 36.19 | 792 | 4757 | 1114 | 185144 | 39.56 |
| West Virginia | 47 | 555 | 126 | 13654 | 25.71 | 463 | 4120 | 922 | 143913 | 37.18 |
| Wisconsin | 129 | 2267 | 585 | 119716 | 48.68 | 379 | 3461 | 767 | 139104 | 43.16 |
| Wyoming | 19 | 466 | 141 | 25002 | 42.16 | 51 | 392 | 73 | 13008 | 42.51 |

1/ The programs for Federal civilian employees (UCFE) and for ex-servicemen (UCX), established under Title XV of the Social Security Act, became effective January 1, 1955, and October 27, 1958, respectively. Data exclude information on claims filed jointly with State unemployment insurance programs.

2/ Includes transitional claims.

3/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan.

4/ Includes data for total, part-total, and partial unemployment. Separate data for total unemployment are not available.

TEMPORARY DISABILITY INSURANCE ACTIVITIES UNDER STATE AND RAILROAD PROGRAMS

| | First claims received | | Weeks compensated | | Benefits paid | | Benefits paid | |
|---|---|---|---|---|---|---|---|---|
| | December 1967 | November 1967 | December 1967 | November 1967 | December 1967 | November 1967 | December 1966 | November 1966 |
| California | | | | | | | | |
| State plan | | | | | | | | |
| Basic benefits | 41,186 | 51,666 | 284,225 | 307,815 | $16,264,114 | $17,594,181 | $16,065,475 | $16,215,697 |
| Additional hospital benefits | 1/26,199 | 1/30,491 | 2/191,865 | 2/220,682 | 2,302,380 | 2,648,184 | 2,534,880 | 2,387,328 |
| Private plan | 3,225 | 3,726 | (3/) | (3/) | (3/) | (3/) | (3/) | (3/) |
| New Jersey | | | | | | | | |
| State plan | 8,008 | 8,435 | 60,437 | 60,034 | 2,488,249 | 2,421,070 | 2,379,186 | 2,199,877 |
| Private plan | (3/) | (3/) | (3/) | (3/) | (3/) | (3/) | (3/) | (3/) |
| New York | (3/) | (3/) | (3/) | (3/) | (3/) | (3/) | (3/) | (3/) |
| Rhode Island | 2,437 | 2,878 | 26,472 | 29,422 | 1,008,193 | 1,117,963 | 1,020,994 | 969,415 |
| Railroad | | | | | | | | |
| Sickness | 7,199 | 8,007 | 4/90,060 | 5/93,390 | 2,937,003 | 3,223,359 | 3,375,313 | 3,668,274 |
| Maternity | 79 | 115 | 4/1,616 | 5/1,860 | 113,735 | 130,477 | 114,131 | 144,286 |

1/ Represents the number of payments made.
2/ Days for which additional hospital benefits were paid.
3/ Data not available.
4/ Estimated from data "benefit periods" compensated which number 45,030 for sickness and 808 for maternity.
5/ Estimated from data "benefit periods" compensated which number 46,695 for sickness and 930 for maternity.

ERRATA.—The following paragraph correction is noted for the April 1968 issue of the *Unemployment Insurance Review:*

In the article "Unemployment Insurance Financial Developments, Fiscal Year 1967," p. 16, in the paragraph under the heading, Status of the Loan Fund, figures were given inadvertently for December 31, 1967, instead of for the stated date June 30, 1967. The paragraph should read as follows:

The Federal unemployment account, which is the source of noninterest bearing advances to States with low-reserve funds, had a cash balance of $389,553,234 on June 30, 1967—over $161 million more than the balance at the end of the previous year. Accounting for this increase were (1) repayment of $83,987,333 in loan indebtedness by Alaska and Michigan; (2) interest earnings of $17,681,958 on the total assets of the loan fund; and (3) an excess of $59,582,012 in Federal taxes collected above administrative costs during fiscal year 1967. Other assets in the account were the accounts receivable, representing loans still outstanding. These loans amounted to $78,612,008 (Alaska, $7,424,710; and Michigan, $71,187,298), bringing the total amount of assets in the fund to $468,165,242. Since the total amount initially advanced to the States was $233,765,000, total repayments through June 30, 1967, amounted to $155,152,992.



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NOTE.—A separate monthly report, *Unemployment Insurance Statistics*, provides more detailed data on unemployment insurance activities. Copies of *Unemployment Insurance Statistics* are available upon request to Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C. 20210.

# NOTES

# HISTORICAL STATISTICS OF EMPLOYMENT SECURITY ACTIVITIES 1938-1966

U. S. DEPARTMENT OF LABOR
MANPOWER ADMINISTRATION
January 1968

The *Historial Statistics of Employment Security Activities,* 1938–1966 is a reference document containing the most significant national statistics obtained from operating reports of major activities of the Employment Service and the Unemployment Insurance programs. The 1965 and 1966 data are preliminary and subject to revision; data for the earlier years are official and final.

Preceding the 152 tables of activity statistics is a brief documentary history of the Employment Security system and a description of the programs and operations carried out in the local offices.

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